



INDEPENDENT

35p

FRIDAY 29 DECEMBER 1995

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CINEMA BOOM
100 YEARS ONBRIDGET JONES'S
CHRISTMAS HELL

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SECTION TWO: FEATURES

THE GREATS WHO PASSED IN '95

IN THE MAGAZINE TOMORROW

Ice rescue turns into tragedy

Three feared dead after attempt to save girl, 11

LOUISE JURY

An off-duty firefighter was last night praised for his bravery after he plunged into an icy lake to try to save a drowning girl and a man who attempted to rescue her.

All three were recovered from a lake at Kinsley, West Yorkshire, by police frogmen but despite intensive treatment in hospital were considered unlikely to regain consciousness.

Medical teams were last night attempting to warm the bodies whose temperatures were so low as to be unrecordable when they arrived at Pontefract General Infirmary after nearly two hours in the freezing water.

Mike Playforth, the accident and emergency consultant, said all initial resuscitation attempts had produced no sign of a heartbeat or pulse. "But in a situation like this, you cannot say that somebody has died until the core body temperature has been restored to normal."

After the accident, Divisional Fire Officer Colin Vaughan warned people to avoid frozen lakes and rivers and paid tribute to the fireman.

"A fireman has risked his life to try and save two others. It was a tremendous attempt that the officer made. (But) all of that could have been prevented," he said.

The tragedy unfolded at the Hemsworth Water Park, in Kinsley, when the 11-year-old girl chased a dog on to the frozen lake and fell in.

A passer-by, 51, began the rescue attempt after spotting the girl in difficulty but soon became waterlogged and sank.

The fireman, 48, from the South Yorkshire Fire Service, tried to rescue him by spreading a tarpaulin across the inch-thick ice to bear his weight. This standard rescue procedure failed and the fireman fell into the water.

Emergency services arrived in minutes but were forced to abandon their efforts in the bitter cold waters. A specialist underwater

search team was called in. Divers found the casualties about two hours after the accident which occurred at 12.15pm. Six fire officers involved in the original search needed hospital treatment for hypothermia.

Chief Inspector Michael Devlin said the girl went to rescue a dog which was later found dead.

At Pontefract General Infirmary, Mr Playforth said some people could survive for long periods in water but after one and three-quarter hours it would be "very unusual".

The casualties had been wrapped in blankets and were being warmed by cardiac massage and warm fluids during ventilation, he said. They would continue the fight until their body temperatures reached at least 32C. Three hours after being taken from the water the girl's temperature was 20C and the temperatures of the men were about 30C.

When someone plunges into cold water, the body goes into a form of suspended animation. There is a rapid decrease in the core body temperature, cell activity slows and the amount of oxygen the individual requires is correspondingly low.

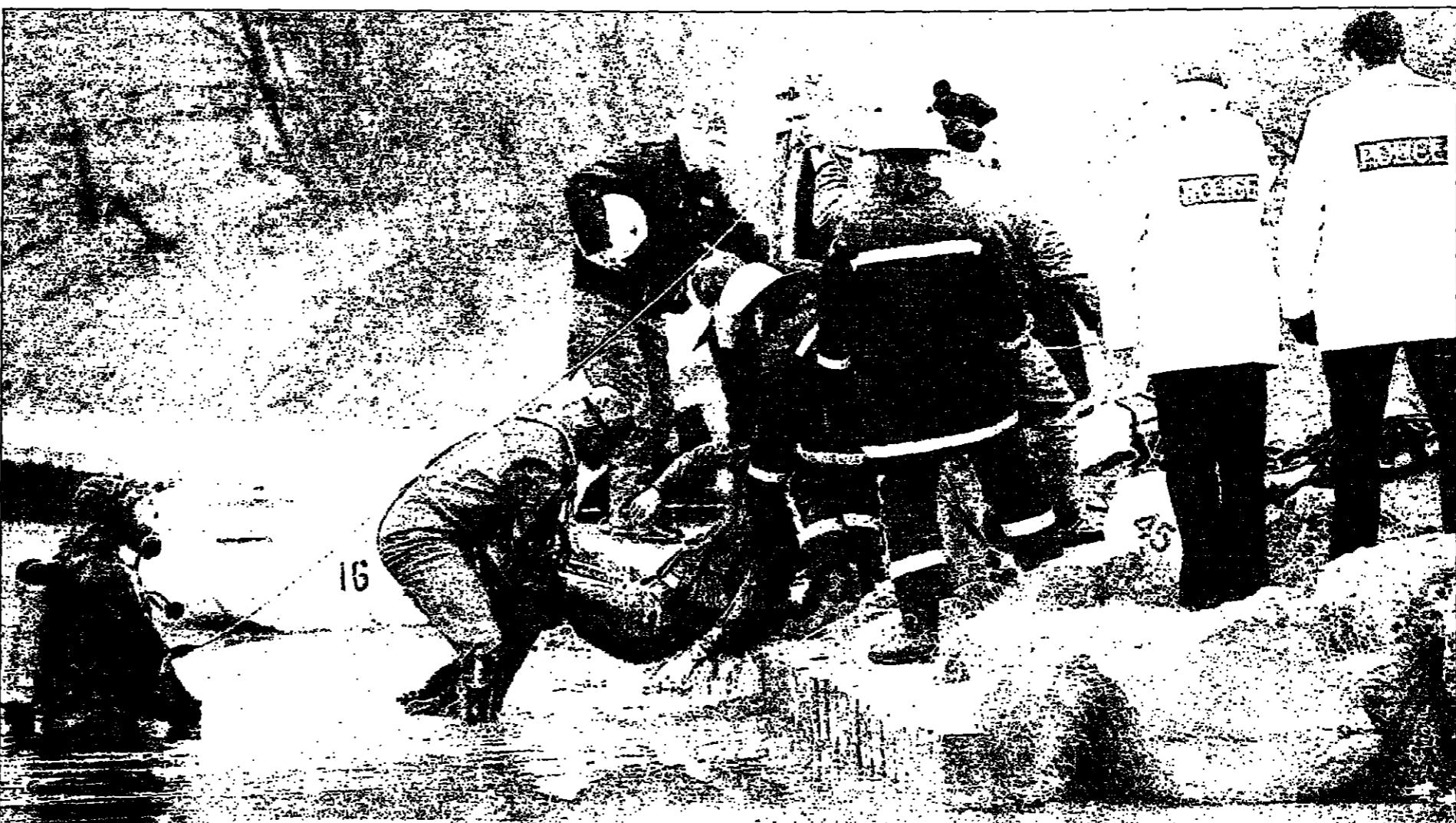
It is possible to survive on a small amount of oxygen for a long period but a brain deprived of oxygen often suffers permanent damage.

As the cold continued to cause chaos across wide stretches of Scotland and northern England, a homeless man was feared to have also fallen victim to the bitter weather. John Murphy, 54, was found dead in a passage in Bathgate, Lothian, in temperatures which fell as low as -13C. A police spokesman said there were no suspicious circumstances but a post-mortem examination would be carried out.

As the cold swept southwards, the Benefits Agency, responsible for cold weather payments for claimants, announced Leeds, Manchester and Falmouth were among the latest areas where the payments had been triggered. The £8.50 a week benefit is payable when temperatures fall, or are predicted to fall, to zero or lower for a week.

However not all those to have suffered in the last week will get the help. Claimants in storm-struck Stornoway on Lewis in the Western Isles were among those not getting extra money although most of Scotland had been cold enough to be eligible, a spokesman said.

Glasgow airport recorded -18.9C yesterday, beating its previous all-time record low of -18.7C set on Tuesday.



Rescue operation: Frogmen retrieving a body from the lake at Hemsworth Water Park. It was thought unlikely that any of the three who fell through the ice will survive. Photograph: Ross Parry

Forecasters say the worst is still to come



The coldest night in Britain for a decade was recorded yesterday as forecasters warned that the Arctic weather conditions that have brought chaos to Scotland and northern England were set to spread to the South, writes Louise Jury.

The mercury at an unmanned weather station in the north Highlands hamlet of Altarnarras plummeted early yesterday to minus 25.6C, the London Weather Centre said. It was thought to be the coldest temperature since 1980.

As severe conditions prompted the Government to offer the use of military support to help storm-battered Shetland cope with the worst blizzards in memory, meteorologists predicted no let-up until the new year.

A London Weather Centre spokesman said there was a 30 per cent chance of snow falling in the next few days, rising to 50 per cent in central England. Many parts of England and Wales have been hit already by freezing fog and sub-zero temperatures with

worse to come. "Heavy snow and strong east to south-easterly winds will move through central England and Wales over Friday and Saturday. Temperatures will struggle to get above freezing today and tomorrow, and North Wales, the East Midlands and hilly, open areas may experience heavy snow drifts on Saturday," the spokesman said. Warmer weather is expected to move in from the south-west, nudging temperatures above freezing by New Year's Day.

Forecast, Section 2, page 33

Tory high command puts party on election alert

DONALD MACINTYRE
Political Editor

Two senior Cabinet ministers yesterday reinforced an instruction to the Tory party to go on "election alert" with an implicit admission that John Major could yet be forced to the polls in 1996 before his government had run its full term.

Brian Mawhinney, the Conservative chairman, bluntly warned the party that there would be "no tolerance for internal argument and selfish grandstanding". His exhortation in a New Year message to activists to "think votes" and "realise that victory must be our only concern" was echoed in an even more unashamed declaration by Michael Heseltine, the Deputy Prime Minister, that the

party would "increasingly become a fighting machine as opposed to a government administering the country".

Both ministers made it clear they expected the Government to run its full course, but insisted the party would be ready whenever the election was called. Dr Mawhinney brushed aside suggestions of a summer Budget and added: "This Parliament has 16 or 17 months to run, so I work on the basis that we will go through that period of time. But we will be ready to go whenever the Prime Minister calls."

Tory optimism that the Government will be allowed to run its full course was reinforced by indications that the Ulster Unionist leader David Trimble – on whose support it could depend if it loses its majority – believes it is capable of surviving until 1997. Although Mr Trimble has made it clear that ministers can no longer rely on his party's support in a confidence motion, he has told colleagues he believes that the Government is unlikely to lose its ma-

jority until late in 1996 and could then probably soldier on for a few months after that.

John Prescott, Labour's deputy leader, declared: "The

Tories have given up governing the country in the interests of the people. From now on they will throw everything into electioneering in the interests of the Tory party."

But Labour's leadership last night faced an embarrassing broadside yesterday from its own ranks. Austin Mitchell, the fiercely Euro-sceptic MP for Grimsby, claimed that Labour risked "disastrous disappointment" by swapping a "Labour Tweedledee" in Gordon Brown, and called for devolution and big increases in public spending. Are the parties ready? page 2

New 'Oklahoma' bombing foiled

Reno (AP) – Two men have been arrested for allegedly planting a huge bomb at the office of the Internal Revenue Service, the United States tax collection agency, federal agents said yesterday.

The incident will revive fears that the US faces a wave of attacks like that carried out by a right-wing extremist which destroyed a federal building in Oklahoma City last April, killing 169 people in the worst act of domestic terrorism in America's history.

Ellis Edward Hurst, 52, and Joseph Martin Baile, 40, were to face initial appearances yesterday before a federal magistrate in Reno, Nevada.

The bomb, a 30-gallon plastic drum, was found on 18 December in a parking lot in Reno by a government employee arriving for work. It was packed with ammonium nitrate and fuel, the same type of ingredients used in the Oklahoma bombing. The fuse to the bomb had been lit, but it went out and the bomb did not detonate.

If it had gone off, the blast would have caused serious damage to the building and cars in the parking lot and could have killed anyone in the vicinity. Bob Stewart, a federal agent, said. Bomb experts dismantled the device before taking samples of its contents for analysis.

The IRS is a frequent target of rhetorical attacks from America's Christian fundamentalist far-right groups. Timothy McVeigh and Terry Nichols, who were arrested for the Oklahoma attack, had been linked to such groups in the past, but no firm link with any organisation was proved.

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IN BRIEF

Houses prices row
Michael Heseltine, the Deputy Prime Minister, joined the argument over the state of the housing market, seizing on new figures from Nationwide Building Society predicting that house prices are expected to rise by 3 per cent in 1996. Page 2

England struggle
England's cricketers had reached 250 for 7, still 178 behind the South Africans, by close of play on the third day of the fourth Test in Port Elizabeth. Page 24

Lotteryisms win instant acceptance

DECCA AIKENHEAD

There will be little hope of getting it all for nothing when the next English dictionary editions are published. "Lotteryisms" – new words and meanings derived from the National Lottery, – such as "scratch card", "rollover", "offit" and "instant", will all appear in the new volumes, illustrating the Lottery's impact on our national consciousness.

A scratch card, as defined by the new Chambers English

dictionary, due out in August, will be: "A form of lottery card with a thin opaque film, which is scratched to reveal the allocated numbers printed beneath." Collins and the Oxford English dictionaries will carry similar additions.

If new dictionary entries are the words which speak for their times, then Lotteryisms suitably communicate the past year in Britain. Explaining the decision in 1994 included "date rape", "needle banks", "ear jacking" and "ethnic cleansing".

"Yuppie" and "bonk" were

quintessential Eighties entries. Now 1995 will be recorded as the year of the rollover.

It's quite right that formal institutions should recognise something that 30 million people play every week. The Lottery has become even more talked about than the weather – and in this country, that's saying something," said a Camelot spokeswoman. "We've got snow all over Britain – but what people are talking about is next week's rollover."

For such a seemingly frivo-

losus subject, lotteryisms are grimly literal. The Lottery is proving a serious affair - £5bn has been spent on tickets, since its launch in November 1994, and next week's rollover jackpot will be an estimated £21m.

The IRS is a frequent target of rhetorical attacks from America's Christian fundamentalist far-right groups. Timothy McVeigh and Terry Nichols, who were arrested for the Oklahoma attack, had been linked to such groups in the past, but no firm link with any organisation was proved.

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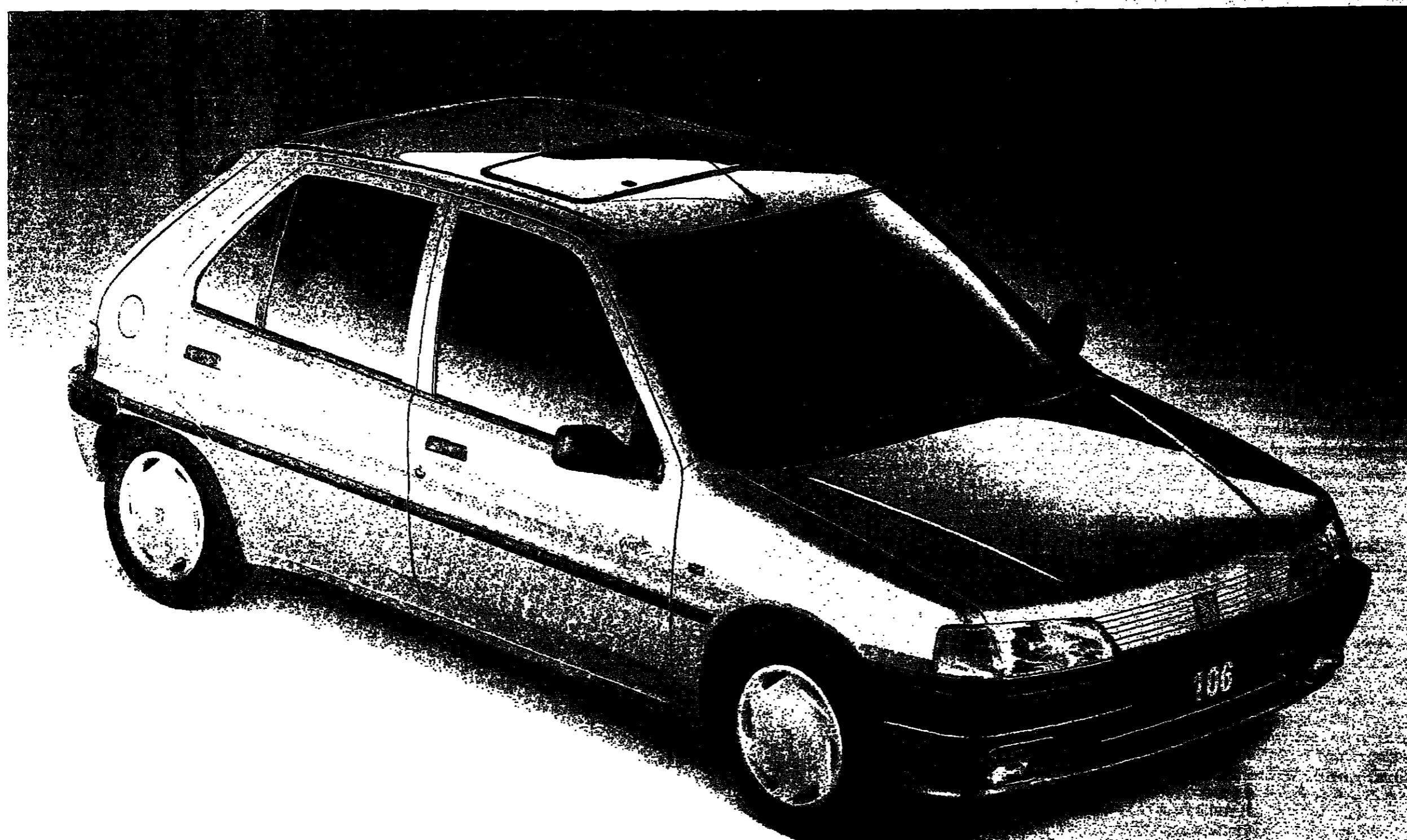
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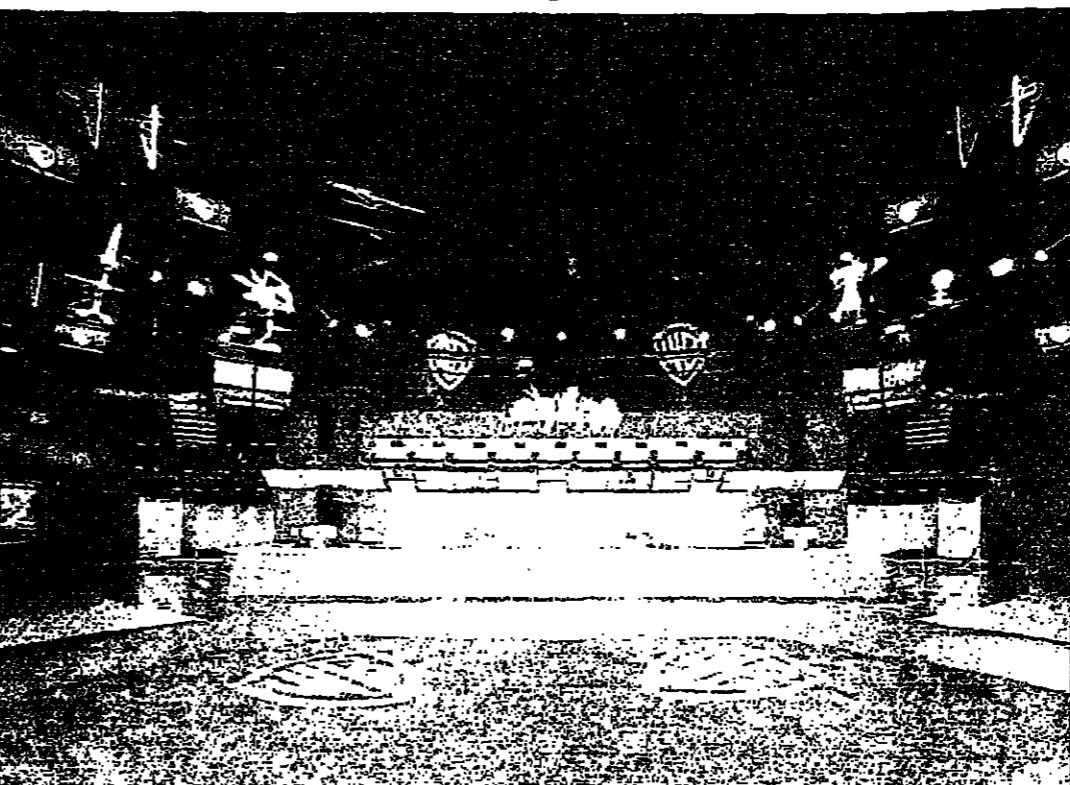
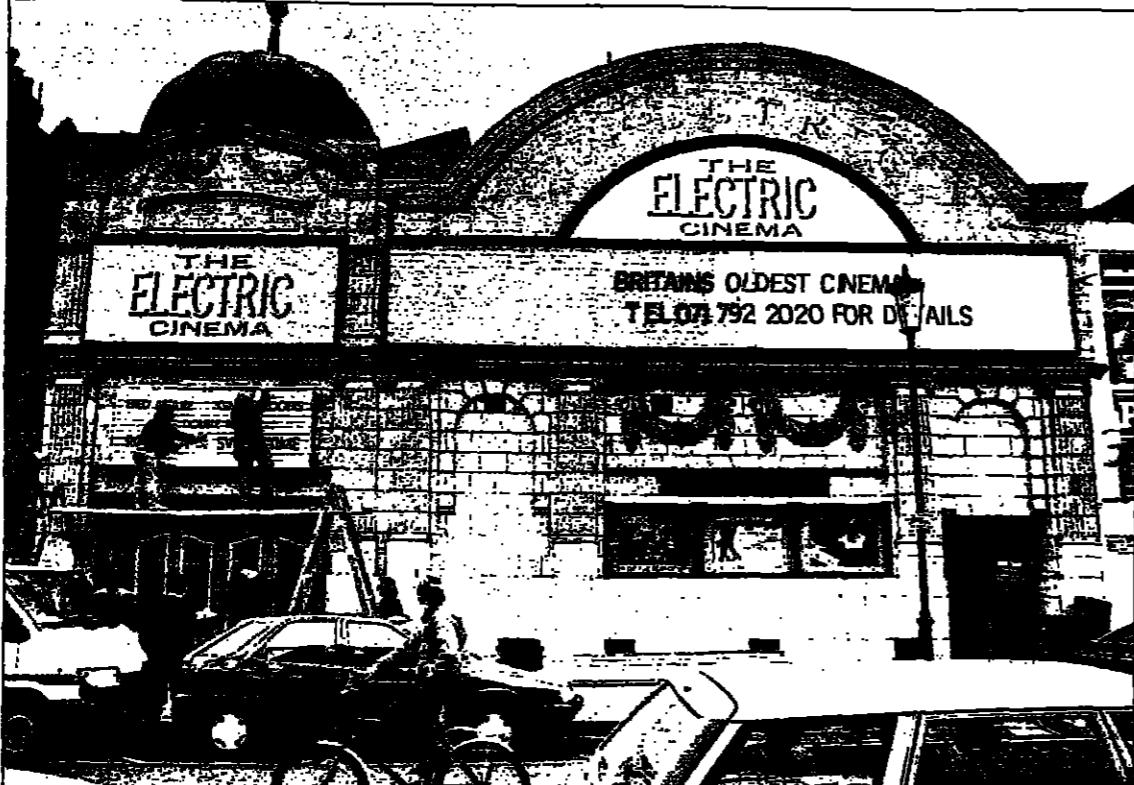
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SEARCHING

Centenary of the cinema: Attendances have doubled in the past decade as young people switch on to film



Ancient and modern: Britain's oldest picture house, the Electric Cinema, in Portobello Road, west London (Photograph: David Rose) and the shape of things to come, a Warner Brothers' multiplex

A new golden age revives the silver screen

REBECCA FOWLER

The first audible words uttered in a talkie film were: "Wait a minute, wait a minute. You ain't heard nothing yet." As the industry celebrated its centenary yesterday amid a revival which has seen the public flocking back to cinemas, it was a fitting opening line.

After suffering a perilous first 100 years since the Lumière brothers showed the first moving picture in Paris, despite the arrival of television and video which both threatened to kill off the pop-corn crunching audiences, the cinema is flourishing almost as never before.

In the last 10 years audiences have doubled from around 50 million to 120 million, and young people are among the most avid cinema-goers, with 72 per cent of 16- to 24-year-olds going at least once every three months, and the number of screens went up from 1,271 in 1984 to 1,971 in 1994.

So what has brought Britain back to the silver screen? In 1985, when cinema had hit the worst doldrums, the first multiplex opened in Britain, offering



Cinemagoers' top 10

- 1 Pulp Fiction (1994)
 - 2 Star Wars (1977)
 - 3 Reservoir Dogs (1992)
 - 4 Raging Bull (1980)
 - 5 Schindler's List (1993)
 - 6 The Godfather (1972)
 - 7 Aliens (1986)
 - 8 North By Northwest (1959)
 - 9 Jaws (1975)
 - 10 Casablanca (1942)
- Source: Empire magazine



Critics' top 5

- 1 Citizen Kane
 - 2 La regle du jeu
 - 3 Tokyo Story
 - 4 Vertigo
 - 5 The Searchers
- Source: Sight and Sound survey



Top 10 grossing films

- 1 Jurassic Park (1993)
 - 2 Four Weddings and a Funeral (1994)
 - 3 Ghost (1990)
 - 4 The Lion King (1994)
 - 5 ET (1982)
 - 6 Crocodile Dundee (1986)
 - 7 Mrs Doubtfire (1994)
 - 8 Robin Hood: Prince of Thieves (1991)
 - 9 The Flintstones (1994)
 - 10 Batman Forever (1995)
- Source: Sight and Sound survey

duced they had a tremendous impact, there was a renewed interest, which means we now still don't have enough," said Jon Anderson, marketing director for Columbia TriStar, the film distributor.

The technological advances of film-making have also served

the industry well. The revival in the 1980s was born on the back of such films as *Terminator*, *Die Hard* and *Blade Runner*.

"Technology cannot compete. Films made with entirely computer-generated images are now being made, and it will not be long before we are resur-

recting stars from the dead with old footage, it's limitless," Mr Anderson said.

Film has also held on to its ability to shock. The great shock factor has been reintroduced with a vengeance to thrill cinema audiences off their seats. *Fatal Attraction*, one of the

highest grossing films of the 1980s, saw Glenn Close rising out of the bath from the dead, and more recently the beautiful female lead in *The Crying Game* left audiences gasping when it emerged she was a he, while the stars of *Shallow Grave* saw off the limbs of their victim to disturbingly convincing sound effects.

Directors have pushed the boundaries unflinchingly since the first screen kiss in close-up in 1896 – in *The Widow Jones* – was described as "absolutely disgusting" by a film journal. More recently Quentin Tarantino, the darling of the new cinema, has gripped audiences with hypodermic needles and male rape.

But the formula for what makes a blockbuster hit remains as elusive now as it was for the Lumière brothers, who declared a few years after their opening night that film was an invention "without a commercial future".

The two highest grossing films in Britain are *Jurassic Park*, which used state-of-the-art technology to recreate dinosaurs, and *Four Weddings and a Funeral*, a comic love sto-

ry of English manners and eccentricities.

The budgets also continue to burgeon. This year saw the making of the most expensive film, *Waterworld*, which cost almost \$200m (£131m), although *Cleopatra*, starring Elizabeth Taylor, remains the most expensive film of all time, costing the equivalent of \$215m today.

Supporters of the industry are confident it will flourish for another 100 years.

"Cinema is one of the greatest means of communication we have; the moving image transcends language, cultural and national barriers... the modern world would be unimaginable without film."

The film-makers say little has changed for them. Budgets are still always too high, schedules over-run, actors throw tantrums. Cecil B DeMille, the legendary Hollywood figure, said it all in the *Ten Commandments*: when his stuntmen stared over the 40ft set for the scene when the earth opens.

"Do you have any direction for us, Mr DeMille?" asked one. "Just save your lives, and make it look good," he replied.

Woman critically ill after attack

IAN MACKINNON

Detectives hunting an attacker who left a woman critically ill yesterday fear that the assailant could strike again.

Ann Fidler, 43, was discovered by her husband, Brett, suffering from a fractured skull and neck lacerations at their Eastleigh home, in Hampshire, on Wednesday evening.

She was taken to Southampton General hospital where she underwent emergency surgery, but yesterday remained critically ill and heavily sedated.

Detective Chief Inspector Paul Stickler, leading the inquiry, said police were treating the attack as attempted murder.

"You have to assume it is quite possible this person could attack again," he said. "At this stage, we do not know the motive."

Mr Fidler, who works at a local gymnasium, found his wife when he returned to their three-bedroomed end-of-terrace house.

There were no signs of a break-in at the house leading police to believe that Mrs Fidler, who also works at the gymnasium but had taken the afternoon off, may have let her attacker in.

Detectives, who interviewed Mr Fidler during the evening and yesterday morning, said he was shocked and was being comforted by relatives.

A police spokesman said yesterday: "We know what weapon was used to cause the injuries but we are not releasing that information."

She added: "All we are saying is that she has severe head injuries, lacerations and fractures."

The woman is critically ill. We may not be able to unravel the truth or know more details until she is well enough to speak to us."

Detective Chief Inspector Stickler appealed for any information that might lead to the attacker.

He said: "I am very keen to speak to anybody who knows Ann, her background and her habits."

"I am particularly keen to speak to anyone who may have seen her before the attack."

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news

Parental choice: More families are challenging local education authority decisions after being denied their preferred option

Appeals over school places rise by 120%

JUDITH JUDD
Education Editor

Appeals by parents who fail to get their children into the school of their choice have risen by 120 per cent during the last five years, according to figures released today.

There were nearly 40,000 appeals in 1994 compared with about 21,000 five years earlier. The total number of parents who have appealed against local authorities' allocation of places during that period is 173,000.

The number who decided to persist with their cases as far as a statutory appeals panel has also risen sharply.

Some parents negotiate with their local councils and reach agreement about their child's school without going to a formal appeal hearing. Others

abandon their appeals because they decide not to prolong uncertainty for their children or because vacancies arise in the schools of their choice.

In 1989, 15,171 cases were heard before committees compared with 32,186 in 1994. Of that total 6,534 were successful in 1989 and 13,255 in 1994 – a similar proportion.

All the figures were revealed in parliamentary answers to Stephen Byers, the Labour MP for Wallsend.

Government critics say that there are two main reasons why appeals have gone up. First, ministers' talk of parental choice has encouraged more parents who fail to get the school of their choice to challenge council decisions.

Secondly, the Government's policy of allowing market forces to determine which schools

flourish and which decline has increased the gap between schools.

Mr Byers said: "While the Tories talk of extending parental choice these figures reveal that more and more parents are being denied the school of their choice. There is a growing army of parents who feel angry at being deceived by the Government."

"That so many parents have been prepared to go all the way and suffer the trauma and stress of a full hearing before a statutory committee is a clear indication of the strength of feeling amongst parents."

Councils say that every appeal costs them money. David Whitbread, the education under-secretary at the Association of County Councils, said: "Government policies have tended to enhance the appear-

ance of a pecking order across schools, by giving the impression that grant-maintained schools are better than the rest and by publishing league tables."

He added: "You get more overall parental satisfaction if you try and keep a greater equality of esteem among schools."

One of the results of the increase in appeals, he said, was that popular schools were becoming overcrowded. Schools have to be full before they can refuse a pupil a place.

Margaret Tulloch, secretary of the parents' pressure group the Campaign for State Education, said the Government had shifted the blame for school choice on to parents.

She added: "They say they have given parents the information and it is their fault if they make the wrong choice."



Right to choose: Rachel Hart and her parents, who were angry at the lack of local places. Photograph: Tony Buckingham

Parents fight to spare girl 30-mile round trip

FRAN ABRAMS
Education Correspondent

At the age of 11, Rachel Hart was told she must make a 30-mile round trip to school each day because there were no school places locally.

The two grant-maintained secondary schools near her home in Stoneleigh, Surrey, were full and the only one that could take her was in Dorking.

Faced with the prospect of seeing their daughter off on a lengthy train and bus ride each day, her parents, Paul and Beverly, went to appeal. They argued that Beverly had medical problems and did not drive, and that Rachel had a right to be ed-

ucated in the borough of Epsom and Ewell, where she lived.

The Harts were among almost 300 families in Surrey and in neighbouring Sutton who were told their children could not go to the secondary schools near their homes. The problem was caused by an increase in the number of 11-year-olds but was aggravated by the fact that many local schools had opted out and introduced separate admissions procedures.

The government has tried to increase parental choice of schools in recent years, but Rachel's father is sceptical. He believes the changes, coupled

with the introduction of exam league tables, has left some families with no choice at all.

"I get the impression that there is choice; the schools choose which children they want. They are running private businesses where profit is measured in exam results," he said.

The Harts lost their appeal, but were told just a few weeks before the autumn term started that Rachel could go to Rosebery Girls' School, a short distance from her home. As a result of parental pressure, the agency which funds opted-out schools had provided extra places and is now planning to build a new local school to take up the shortfall.

Show goes on for Manics

JOHN MCKIE

Manic Street Preachers, the cult rock band, will play in London tonight for the first time since their guitarist mysteriously disappeared nearly a year ago.

The band had played the Astoria, in London, just before Christmas last year after a successful year during which their album *The Holy Bible* had made the Top 10.

Then in February, their 25-year-old guitarist Richey Edwards left a hotel in west London and has not been seen or heard from since. The next week his abandoned car was

found a few yards from the Severn Bridge. Edwards has been presumed dead for months.

The remaining members – the singer and guitarist James Dean Bradfield, the bass player Nicky Wire and the drummer Sean Moore – are to take the stage again and are playing to 12,000 people at Wembley Arena, as support to The Stone Roses.

The date followed consultation between the band and Edwards' parents. "They couldn't turn it down," said Terri Hall, their publicist. "We are in touch with Richey's family all the time. They've written some new songs and they'll mix that with the old stuff in a 40-minute set."

Richey Edwards: Missing for almost a year

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Avant garde homage to artist who brought the mills alive

The work of LS Lowry, the British painter of life in the bleak industrial mills of the North, is to be celebrated with a futuristic £75m cultural centre in Salford that bears no resemblance to the grimy world he painted.

Lowry, who learnt art at evening classes in Manchester, worked as a rent collector throughout his life, even when his paintings were being exhibited at the best galleries in the country.

But he is the first British artist to be honoured with a purpose-built arts centre devoted to his work. The project will include a gallery to house 350 of his paintings – currently crammed into the Salford Art Gallery where only half the works can be shown at any time – a study centre and a 1,650-seat theatre. It is expected to attract 700,000 visitors a year.

The avant-garde design was the result of a four-year competition and Salford Council defended its decision to choose a modern building, as opposed to converting one of the old mills celebrated in Lowry's paintings. "We don't have many



Favourite son: The Salford artist LS Lowry, made famous by his bleak industrial landscapes;



his 1935 'View of a Town'; and the avant-garde design for the purpose-built arts centre to house his pictures



old mills left in Salford and Lowry was a man who didn't just live in the past," Tony Struthers, deputy chief executive of the council, said. "He was just as interested in the present and this is a world-class design."

The proposed Lowry Centre, which hopes to attract £45m in lottery funds from the Millennium Commission, is part of a £180m development of Salford Quays. It has been given the backing of a host of other famous sons of Salford, including the actors Ben Kingsley, Albert Finney and Robert Powell, and the painter Harold Riley.

"She is very keen on making sure his image is not portrayed badly," Sheena Macfarlane, senior museums officer for Salford Art Gallery, said. "She makes sure you can't just stick a Lowry on a tea towel and the image and way in which his work is

left his work to a young female artist who studied under him and was helped through art college by him.

"The centre will allow him a committed of seven trustees, including the mysterious executor of the artist's estate, who is fiercely protective of his image. Lowry has no living relatives and

dealt with is important to her." The centre will allow the Lowry paintings to be shown in ideal conditions, including carefully monitored temperature and humidity. It is expected to generate £10m for the local economy, which has floundered since the mills that Lowry painted closed down.

Lowry, who painted many of his most famous works in the 1920s and 1930s, was haunted by the everyday industrial scenes around him. Many of his pictures were painted by artificial light at night, under the shadow of the Stockport Viaduct.

"He was recognised from the 1930s but the Establishment cannot pigeonhole him, which is why they've had so many problems with him," Judith Sandling, keeper of art at Salford Art Gallery, said.

"He's very populist and

there's nothing esoteric about his work, people can understand, but he's also a master painter.

"We try to explain he wasn't match-stick men. With one brush stroke, he created the movement of a figure if it's quite astonishing. I think he would have been extremely pleased people cared enough to created a building like this for him."

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Fenwick 63 New Bond Street, London W1 (0171-629 9111). Men's and ladies' wear, shoes, hats, accessories. At Bond Street, Monda collections will be reduced by 30 to 50 per cent.

Fenwick & Marcs Betty Barclay collections up to 50 per cent, and Weekend Collection up to 30 per cent. Reduced prices available in 30 to 50 per cent off French Connection, Jacques Vert and Bianca, and 50 per cent off leather handbags and selected jewellery by Moncler, Ciro and Napier.

Fortnum & Mason 181 Piccadilly, London W1 (0171-734 8040). 50 per cent off Betty Jackson, selected lines. Selected men's suits £245, save £250. Chateau Lynch Bages, Sente Cru Paullin £150, save £100.

Harvey Nichols 109-125 Knightsbridge, London SW1 (0171-255 5010). Will last for two to three weeks. Account customers get an additional 10 per cent off the sale price for the first four days. Specific bargains are a secret, but expect reductions to be up to 50 per cent off selected items.

House of Fraser (England and Wales) For store sites, ring 0171-463 2222. Bargains in the coal mining include 40 per cent off Le Creuset cast iron cookware in American green and greyish and 50 per cent off Judge stain resistant steel cutlery.

John Lewis Partnership 107-309 Oxford Street, London W1 (0171-629 2111). Peter Jones, Shillito's and at John Lewis, Brant Street, Birmingham, Newcastle, Cheshire, High Wycombe, Aberdeen and Edinburgh. Will last 10 days. Sale starts today at all other branches.

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The Pier 100 Avenue Bantam, Until 21 January. Customer inquiries 0171-351 7000. Christmas merchandise is reduced to clear. Other merchandise at half-price or less.

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١٥٠ من الأصل

international

Enemies meet Sarajevo pull-out deadline



Washed out: US engineers had to evacuate their camp in Zupanja, Croatia, yesterday when flash-floods struck

Photograph: Petr Josek/Reuters

EMMA DALY
Sarajevo

Torrential rain and relentless snow dampened French and American spirits in Bosnia yesterday, but Nato commanders expressed delight at the success of the first peace deadline at midnight on Wednesday: the withdrawal of enemy troops from front-line positions around Sarajevo.

"Today in Sarajevo the first phase of the peace agreement ... was respected," Brigadier-General Louis Zeller, commander of Nato's I-For (Implementation Force) troops in Sarajevo, told reporters at a press conference in the snow on the notorious Vrbnja bridge. The operation "was conducted with concern for even-handedness and strict impartiality and, one must emphasise, the collaboration of the parties".

There was little to celebrate along other Bosnian riverbanks. In Mostar and Zupanja, where French and US troops are based, flash-floods tore through I-For camps, damaging vehicles and other equipment but causing no casualties. Helicopters lifted 62 Foreign Legionnaires to safety from a riverside camp north of Mostar, where a dam burst and floods closed the main road to Sarajevo for 24 hours.

In Zupanja, on the Sava River border with Croatia, US engineers trying to install pontoon bridges to bring in American tanks and troops

were evacuated overnight when their camp was flooded. "The water broke through the levee and flooded the camp ... Everybody got out safely," said Colonel Timothy Lamb.

On Wednesday night a Croatian soldier loosed off 30 rounds of gunfire close to the US camp, but the incident was played down as a burst of celebratory Christmas fire. Most shooting in Bosnia since Nato's arrival has come under the heading of "happy fire", but commanders have warned the parties to stop such ill-discipline.

US officers insisted the floods would not defeat them, but the weather is almost certain to delay further the US deployment to the northern city of Tuzla, which got off to a bad start when flights were delayed for five days by fog. But 26,000 of the expected 60,000 Nato troops are now in Bosnia.

Admiral Leighton Smith, the US commander of I-For, was in ebullient mood at a breakfast with journalists yesterday, citing excellent progress to date. "I want to capitalise on that, I want to build on the momentum," he said – though he acknowledged that the first peace deadline, requiring both sides to pull back from 40 positions around Sarajevo within seven days of Nato's arrival, came during a honey-month period.

"It's real easy – it's easy to verify, it's close to home and it's early in the game," he said. "We're going to know in the next three months if we've got an agreement." None the less, he was astonished by accomplishments to date – particularly the immediate deployment of British I-For troops in Serb-held territory. "That's amazing," he said. "I thought it would be

months before anyone would start talking about putting headquarters anywhere in Bosnian Serb territory."

Nato plans to move one its army headquarters from central Sarajevo to Ilidza, a western suburb due to revert from Serb to government control next year – to the consternation of its Serb residents. The I-For presence, Admiral Smith said, would help to reassure Serbs planning to abandon their homes and head into exile.

"If you are going to move and you have no place to go, staying has got to be better than going if you have I-For," he said.

"By being present we can reduce fears by offering a more stable environment." But he admitted: "I can't guarantee the security of every family and every individual." Nor could his forces end the looting of machinery and other equipment by Serbs leaving the area.

The Bosnian President, Alija Izetbegovic, saying the "bitter and cold peace" of Dayton offered hope for 1996, yesterday reiterated his government's suggestion that Serbs in the five suburbs remain in their homes – but did nothing new to calm fears that the government will seek revenge upon those who besieged the city for so long.

"I consider this war to be over," he said in a New Year's address to reporters and members of the ruling SDA party. "It will take generations to forget those who attacked us and the beating we received. I don't think they will dare to raise their hands against these people again ... that's why I'm confident this is the introduction to a durable and lasting peace."

Sarajevo Diary, page 13
Jonathan Eyal, page 15

Arafat accepts the challenge

PEOPLE

Yasser Arafat has one challenger so far for the presidency of the Palestinian Authority. She is Samia Khalil, a 70-year-old political activist and charity worker from Ramallah, on the West Bank.

Ms Khalil, who wants the Israeli-Palestinian self-rule accord to be scrapped, says she can win the 20 January election despite the fact that Mr Arafat has symbolised the Palestinian struggle for decades.

"People are whispering they

are not happy with what is happening on their land," she explained, adding: "It is my conviction that the Oslo accords fall short of achieving the fundamental objectives of our people that of full sovereignty and independence. We want an independent Palestinian state with real sovereignty, and permanent and comprehensive peace can be achieved when rights are restored."

Mr Arafat is reported to be happy about the challenge because he wants a genuine contest. "Arafat does not want the election results to be 99.99 per cent, as is the case with other Arab leaders," one PLO official said.

Before her second marriage last Saturday, Tonya Harding said she was planning a mellow life. The disgraced ice skater wanted to live on a farm and raise a family. Things started well enough: the ceremony, on a yacht in the Willamette River in Oregon,

The prince has denied the allegations, but accepted the exile proposal from the King who said he feared his half-brother might be killed if he stayed home to fight the charges.

Mr Huu Sen and his co-prime minister, Prince Norodom Ranariddh, acceded to King Sihanouk's request that the prince be released into his custody.

Prince Norodom Ranariddh has written to the co-prime ministers to thank them for their clemency and has vowed to keep well out of Cambodian politics.

Leah Rabin plans to write a book about her life with the assassinated Israeli prime minister. "This is the most important thing to me, to sum up this chapter of my life with Yitzhak, the bitter end and the obvious conclusions," she said on Israel army radio.

It was something I intended to do anyway, even before Yitzhak was murdered," Mrs Rabin added. "I just didn't have the trigger, something to push me especially. Now I have one."

Since her husband's death on 4 November, Mrs Rabin has been busy answering letters of condolence and attending ceremonies in her husband's memory. Thanks to the Israeli cabinet, she will have an office, a car and a driver for three years to help her grieve. Rabin's legacy of peace.

Maryann Bird

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HONG KONG DAYS

Airports are supposed to be functional, not the sort of place to excite passion. Yet Kai Tak Airport, Hong Kong, evokes tremendous passion among the people who live here. Where else can you be descended from a plane and, traffic permitting, reach your home or office within minutes rather than hours of leaving the airport?

Maybe it is proximity which accounts for the passion. This, after all, is the world's last remaining international airport slap bang in the middle of town. Now that it is moving far from the urban centre, many of us who love and hate Kai Tak are beginning to feel nostalgic about losing this convenience.

Kai Tak would have been even more convenient had it not been for the mind-boggling decision to ensure that the mass transit railway deliberately bypassed the airport. I am told that the chief culprit in this matter was the former Financial Secretary Sir John Bremridge who took the extraordinary view that air travellers had enough money to travel by taxi and therefore did not need to arrive by public transport.

The reality is that the airport is bursting with people, notwithstanding the lack of public transport. You cannot stop people travelling, nor can you prevent the traditional Asian insistence on greeting and seeing off passengers. Nor can even the most blasé of people persuade me that there is anything quite like passing under the path of a landing jumbo jet

while on the way to the office. It is a modern-day version of the excitement shared by closet transpotters brought up in an age when there were trains worth spotting.

Pilots have to be specially trained to land at Kai Tak. It is a difficult approach, usually requiring a sharp turn before roaring on to the single runway which stretches into the harbour. Pilots say they fly so low over the urban area that they can ruffle the washing drying on nearby rooftops.

Of course, having a large airport in the middle of town is a safety hazard. The surprise is that there has never been an incident where an aircraft has even remotely touched a building outside the airport and only a very few landing accidents have occurred at the airport.

The new Chek Lap Kok airport is now slowly rising out of the water, on reclaimed land, and looks appropriately impressive on paper. It should also be more comfortable.

At least planes will be able to draw up to the terminal instead of parking some distance away because of congestion. At Kai Tak, passengers have to be crammed in the squat buses which shuttle from the aircraft to the terminal building. It is time-consuming, noisy and generally inconvenient.

On arrival the passengers embark on a long walk in the direction of unsmiting immigration officials who all appear to have failed training at the Hong Kong School of Charm but are

probably no less surly than their counterparts in other countries who seem to vie with each other to see who can furnish the most hostile welcome to visitors.

There is another aspect of the old Kai Tak airport, now forgotten by many, which, I think,

somehow unwittingly captured the spirit of Hong Kong. Some six or seven years ago the terminal building was filled with school children hunched over their homework. They came to the airport because the air conditioning was strong,

work and pursuing their work seemingly oblivious to the distractions which surrounded them.

Unsurprisingly, the airport authorities did not view this as a shining example of Hong Kong enterprise: the children

were seen as an unseemly nuisance which somehow lowered the image of the airport and so they were cleared out.

I am confident that the authorities running the new airport will be even more vigilant in stamping out anything similar.

or anything which fails to convey an image of modern efficiency. So, unlike old Kai Tak, there will be little to distinguish Chek Lap Kok from any other international airport.

Stephen Vines

Planespotters' paradise: Hong Kong's Kai Tak airport is the world's last remaining international airport sited in a city centre

Photograph: Peter Macdiarmid

Peking stands by dissident's jail sentence

TERESA POOLE
Peking

A 14-year jail sentence for China's most prominent pro-democracy dissident, Wei Jingcheng, was upheld yesterday by Peking's appeal court amid signs that a combative Chinese government has embarked on a campaign to head off international criticism at the UN Human Rights Commission session in Geneva next March.

A spokesman for the Peking Higher People's Court, speaking after the closed court session, said: "The court upheld the original verdict. After this verdict, according to the law, he will be handed over to prison authorities to serve his sentence." Mr Wei was sentenced earlier this month after being found guilty of trying to subvert the government.

Mr Wei's trial prompted widespread international condemnation, but there was no hope of the sentence being revoked on appeal. Chinese trials, let alone appeals, are virtually rubber-stamping processes for verdicts that have already been decided. In 1994, according to official figures, only 0.39 per cent of those tried were found innocent.

Yesterday also saw the failed appeal of a former planning official in Shenzhen, south China, who was immediately executed by firing squad. Wang Jianye was found guilty in April of bribery and embezzlement involving more than \$1m.



Protesters in Hong Kong register their disapproval

ing an increasingly aggressive posture ahead of the Geneva meeting. Since 1990, China has faced an annual motion, sponsored by the United States, condemning its human rights record, although these have so far been defeated because China has lobbied support from developing countries.

Sensing that the Wei Jingcheng trial is likely to make the next vote even closer, the State Council yesterday published a

23,000-word manifesto, "The Progress of Human Rights in China", in which it lambasted the Geneva motions as "anti-China plots of the West".

The document praised China's commitment to human rights. Citizens "enjoy various civil and political rights according to law", it claimed. "Freedom of speech, of the press, assembly, association, marching and demonstration is guaranteed," it added.

In a section on the judiciary which Mr Wei is unlikely to have the opportunity to read, the document states: "Those who hold differing political views, but have committed no act endangering state security, have committed no crime." More pertinent, from Mr Wei's point of view, is the line that "prisoners are organised to participate in whatever labour they are capable of".

The Chinese Communist Party's riposte to the West has always been that the country gives priority to economic development and political stability. In the latest document, only one sentence admits to any shortcomings in human rights in China: "Some human rights situations are not so satisfactory because of the limitations of history and level of development."

China published its last cabinet report on human rights in November 1991, in an attempt to improve its image after the Tiananmen Square crackdown in June 1989.

France condemned for fifth nuclear test

Sydney (AP) — Asian and Pacific nations joined environmental groups yesterday in condemning France for its fifth nuclear test in French Polynesia in four months.

Australia, New Zealand and Japan called for an immediate halt to testing and handed formal protests to French diplomats in their capitals. South Korea voiced "deep disappointment" while island states near France's nuclear test site accused it of arrogance. "France is its own worst enemy," said New Zealand's Prime Minister, Jim Bolger. "Its reputation in the Pacific is at an all-time low. When the tests are over, France will have to rebuild its credibility in the region."

The blast on Wednesday, beneath the remote Mururoa coral atoll 750 miles south-east of Tahiti, was weaker than previous blasts, scientists said. French officials said the tests

are needed to develop simulation technology to make future blasts unnecessary. France had planned eight tests but has reduced the number to six, to be completed by February.

"We are now close to the end of this final campaign," a foreign ministry spokesman said in Paris. "We have been and continue to be part of negotiations to bring about a treaty for a complete ban on nuclear tests."

Australia's acting Prime Minister, Kim Beazley, accused France of displaying "arrogant disregard" for a recent UN resolution calling for an immediate end to nuclear testing.

The Japanese Prime Minister, Tomiichi Murayama, described France's tests as "frivolous". Pauline Green, leader of the Socialist group in the European Parliament, attacked President Jacques Chirac of France for the blast's timing. "He is trying to rub people's noses in the fact

that in the season of good will he can defy international opinion and order fresh nuclear tests," she said. Britain has stayed clear of the debate. The Foreign Office said that the test program at Mururoa "is a matter for the French."

Paris — France will replace its ageing fleet of Mirage-IV nuclear bombers with newer Mirage-2000N fighter-bombers next year, a defence ministry spokesman said yesterday. Reuter reports. The Mirage-2000N has a slightly shorter range than the Mirage-IV but mid-air refuelling could make up for the shortfall.

The defence newsletter *TTU* said recently that President Chirac had decided to develop a long-range cruise missile with a nuclear warhead that could be fired by the new Rafale fighter-bomber from up to 560 miles. Rafales are to come into service in the next century.

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PEOPLES PHONE

Where Talk is Cheaper

international

Israel finds new ally to stop Iran N-bomb

MICHAEL SHERIDAN
Diplomatic Editor

Israel has enlisted the help of the Muslim central Asian state of Kazakhstan, once a key part of the old Soviet nuclear arsenal, in its campaign to stop Iran from making or acquiring a nuclear bomb.

This unusual alliance emerged after the Israeli Prime Minister, Shimon Peres, publicly hinted that Israel was ready to renounce its own nuclear weapons if a comprehensive peace was achieved in the Middle East.

Mr Peres this week signed joint agreements on health, agriculture, investment and the environment with the President of Kazakhstan, Nursultan Nazarbayev, on an official visit to Israel. But the real talking was done earlier between the Kazakh leader and Israel's Foreign Minister, Ehud Barak.

Mr Barak told President Nazarbayev that Israeli intelligence assessments indicated Iran intended to get hold of a simple nuclear weapon by 2001.

He said the Israelis believed Iran was trying to bring in experts from the former Soviet Union and was also involved in negotiations with criminal elements, probably among the various mafias which have sprung up across the former Soviet republics.

Iran denies that it intends to acquire nuclear weapons and maintains that its nuclear programme is intended exclusively for peaceful development.

Western intelligence agencies believe that an inner cabinet in Tehran oversees a secret Iranian project to get a nuclear weapon.

President Nazarbayev told the Israelis he was working to curb Iranian influence in his vast, landlocked territory. But

he insisted on the usefulness of continued political contacts with the President Ali Akbar Hashemi Rafsanjani and the clerical leadership of Iran.

The removal of nuclear materials from Kazakhstan, and its accession to the Nuclear Non-Proliferation Treaty (NPT) were critical security issues for the West after the break-up of the Soviet Union.

Since Kazakhstan has now voluntarily given up the nuclear weapons once stationed on its soil, the Israelis calculate that it would be very unhappy to see Iran get the bomb.

The very fact of President Nazarbayev's visit to the Zionist state shows that the Kazakh political establishment rejects the Islamic revolutionary theology of Iran, although links between the two Muslim nations are inevitably close.

Israel, unlike Iran, has not signed the NPT and foreign ex-



Flags for freedom: Schoolgirls blow whistles as they join tens of thousands of Palestinians watching a parade yesterday to mark Israel's military withdrawal from Ramallah on the West Bank

For your daily requirement of iron, you'd have to eat this much.

Ditto.

You need to eat a variety of foods to get all the iron you need each day. If you're a normal healthy person, a lean, grilled rump steak (170g) will supply you with half your daily requirement. To get the same amount from raw spinach, you'd have to eat 680g of it. That's because your body absorbs at least twice as much iron from red meat than from an equivalent weight of spinach. Red meat also helps you absorb more iron from other foods, including spinach.¹

So, unless you have a very big appetite for spinach, what better excuse do you need to enjoy a tender, juicy steak?

Paper chase

Munich - A German security van driver disappeared after stealing 2.5m marks (£1.1m) from his vehicle and replacing the cash with scrap paper. The crime was thought to have been carried out two days before Christmas, but was not discovered until Wednesday.

Reuter

Gifts of the gab

Salt Lake City - A "boy" showered with presents and offers of a home after telling the authorities he had been abandoned by his parents only days before his 13th birthday turned out to be Birdie Jo Hoeks, a 25-year-old woman who has attempted similar frauds in at least 11 other states.

AP

Future imperfect

Los Angeles - A grand jury was told that Robert Citron, former treasurer of Orange County, south of Los Angeles, consulted an astrologer and a psychic for investment advice while in office, the *Los Angeles Times* reported. Among alleged predictions was that December 1994 would be a bad month. The county declared bankruptcy on 6 December 1994.

AP

Hundreds die as blizzards sweep across Asia

While Britain shivers in the cold, bad weather has claimed hundreds of lives in Asia and Africa, agencies report.

At least 99 people have died of frostbite over the past week and many more are missing after a series of blizzards hit northern Kazakhstan, the country's State Emergency Committee said yesterday.

Weather forecasters said winds of 70mph brought down power and telephone lines, lifted roofs off homes and blew in windows. Many people were stranded in near-zero visibility and temperatures down to -15C. Winter snowstorms are common in the Kazakh steppes used in Soviet times to exile political prisoners, but officials say they have been worse this year.

Health officials in Russia say that nearly 250 people have frozen to death in Moscow over the past two months. All the victims registered since the first death on 1 November were drunk, a spokesman for the city's health department told the Interfax news agency. Temperatures in the Russian capital this month have dropped well below freezing, and have been as low as -19C.

In Bangladesh, a cold wave has swept through the north of

the country, killing at least 50 people. Most of the victims were children or old women. A cold wave last year claimed about 200 lives.

In southern Africa, heavy rains have broken a long drought but brought flooding in their wake. In South Africa, flooding has claimed more than 100 lives this week and about 2,000 people lost their homes in the Pietermaritzburg area.

The waters were receding yesterday, but a new threat of disease was emerging. "With so much water around, water-borne diseases such as cholera and typhoid are easily spread," Adrian Wilson, an official with the regional water board, told the South African Press Association.

Dams in Zimbabwe's western province burst their walls following heavy rains which pounded the area last week, the state news agency Ziana said yesterday. Among the dams was Matabeleland North province's largest water reservoir whose earth wall was not strong enough to contain pressure from water flowing in from supply rivers. And more than 300 people were left homeless in southern Malawi after heavy rains washed away their homes.

IN BRIEF

Gonzalez calls early general election

Madrid - Buffeted by political scandals, the Spanish Prime Minister, Felipe Gonzalez, called early elections for 3 March. Mr Gonzalez, who has reluctantly agreed to lead his Socialist Party in an election for a seventh time, said he had told King Juan Carlos he would dissolve parliament the week after next. The campaign would officially begin in mid-February.

AP

Peking freezes out Hong Kong democrats

Hong Kong - China excluded local democrats as it appointed the team which will be responsible for steering the colony through its transition from British to Chinese rule in 1997. The 150-member Preparatory Committee of men and women drew heavily from the colony's business elite. Members of pro-Peking political parties defeated in the Legislative Council election in September were appointed.

Reuter

Italian PM set to resign

Rome - The Italian Prime Minister, Lamberto Dini, will hand in his resignation to President Oscar Luigi Scalfaro tomorrow. Luigi Berlinguer, parliamentary leader of the Democratic Party of the Left, said after a meeting with Mr Dini, Mr Scalfaro has said that parliament must then decide if it wants to move to an early general election at the start of next year or if the political will exists to create a cross-party government to carry out constitutional reforms.

Reuter

Hammer and sickle stamped out

Berlin - One of the last vestiges of Communist East Germany will disappear at midnight tomorrow, when eastern passports adorned with the hammer and sickle become invalid, more than five years after German unification.

Reuter

Begging the question

Rome - Italy's constitutional court legalised beggars and criticised developed countries for turning poor people into social outcasts. Overturning a law which said that beggars could be punished by up to three months in prison, the court ruled that people in need should be allowed to ask openly for money.

Reuter

Paper chase

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AP

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Race for the White House: As rivals fall by wayside the Republican Senate leader looks set to take on Clinton

Luck puts repackaged Dole ahead of the pack

RUPERT CORNWELL
Washington

As a clutch of Republican candidates make their way to Iowa, where a month from now the most brutal election season on earth begins, one question alone is relevant: can anything or anyone stop the Senate majority leader, Bob Dole, from finally securing his party's presidential nomination?

Contrary to most predictions, Mr Dole's position today is even more dominant than a year ago; 1995 was supposed to be the year when one or two candidates emerged from the pack to establish themselves as rivals, but no one has. As the Kansas Senator knows from two failed White House bids in 1980 and 1988, in presidential politics as life, nothing is certain. But the odds today must be that he will clinch victory within five weeks of the Iowa caucuses on 12 February.

On 20 February comes the New Hampshire primary, then contests in Delaware and Arizona, followed by consecutive "Super Tuesdays" in New England and much of the South. By 19 March, when the big Midwest states of Ohio, Illinois and Michigan vote, matters may well be decided.

In every sense Mr Dole bestrides the field. At 72, he is far its oldest member. He leads

in the polls with 40 per cent or more, as his closest rivals struggle to reach double figures. With \$24m (£15.7m) in the bank, he is by far the best financed candidate. He has the endorsement of 20 of the 31 sitting Republican state governors – not to mention his role in the continuing fight in Washington over the federal budget, guaranteeing him free media exposure of which his challengers can but dream.

And, just as with any winning politician, luck has been with him. If Mr Dole could have written the Colin Powell script, he would not have changed a word from real life. For weeks in the autumn his declared rivals could but kick their feet in frustration as American politics froze, waiting for the word from the General. In the end, General Powell joined the Republican party, but not the presidential race. Thus Mr Dole was spared from taking on the most popular figure in US public life, who even among conservative Republican primary voters was running neck and neck with him.

There were lesser strokes of fortune too. A year ago many political insiders believed Pete Wilson, the canny and battle-tested California Governor, was the man most likely to upset Mr Dole. But to universal astonishment, an inept Wilson campaign collapsed almost before it

Reaching out: Bob Dole campaigning at a newsagents in Derry, New Hampshire

had begun, leaving behind a pile of debts and another heavyweight gubernatorial endorsement for – of course – Bob Dole.

Today his closest challenger is the millionaire publisher Malcolm "Steve" Forbes, a man unversed in politics who by common consent ultimately has no chance. Mr Forbes only declared his candidacy in the summer. But his fresh style and "politics of joy" message of low taxes and unshackled enterprise, hammered home by saturation TV advertising cour-

tesy of the Forbes family fortune, has catapulted him into second place.

He may have no chance of catching Mr Dole. But in Iowa and New Hampshire, those traditional crucibles of presidential campaigns past, Mr Forbes has moved ahead of both Senator Phil Gramm of Texas and Lamar Alexander, the former Governor of Tennessee, who were considered along with Mr Dole to make up the field's top tier.

Joyless, grating, and so far a

ingless straw poll, Mr Gramm is bogged down in a separate battle with Pat Buchanan, the one-time White House speechwriter and TV talk show commentator, for the loyalty of the social and economic right. Mr Alexander, meanwhile, comes across as uninspiring and cheery, in contrast to Richard Lugar of Indiana, the third senator still in the running, who is uninspiring and earnest.

The other two contenders,

the former UN official Alan Keyes and the firebrand right-

ing Congressman Robert Dornan of California, will provide entertainment but little else until their inevitable withdrawal. Unless he can lift himself from the low single figures, Mr Lugar too faces a similar fate.

In truth, perhaps the only person who can defeat Bob Dole is Bob Dole. One old man's gaffe, one hour of ill-health, could turn the spotlight on his greatest potential weakness – his age. Conceivable, though less likely, is a fatal display of the celebrated Dole temper, remind-

ing voters that the "kinder, gentler" image he cultivates is but repackaging of the vicious-tongued politician of yesteryear.

Most serious, however, is the lack of a message that proved the undoing of George Bush four years ago. Do Americans really want as their next President a septuagenarian legislative fixer, whose pitch to voters boils down to: "Trust me, I've been tested?"

But at the start of 1996, as at the start of 1995, the Republican nomination to take on Bill Clinton is Bob Dole's to lose.

US gets tougher on illegal migrants

Washington — Responding to growing public pressure and the demands of the forthcoming re-election campaign, the Clinton administration is moving both at home and on the international front to clamp down on illegal immigration into the US, now reckoned to be running at 200,000 or more a year, writes Rupert Cornwell.

New Justice Department figures released yesterday show that the US deported 51,000 illegal aliens last year, up 15 per cent from 1994, and almost double the figure at the start of the decade. More than half were criminals ejected from the US after completing their sentences. The total of those turned back at US borders almost doubled in 1995, to 4,400.

Meanwhile, according to the *Washington Post* yesterday, an internal government report is urging the administration to insist on tougher world-wide measures against smuggling of illegal immigrants, many of whom have the US as their ultimate goal. The report notes that alongside the traditional illegal immigrant flows from Central America and the Far East, Europe too is emerging as a principal channel, following the collapse of authoritarian Communist regimes.

The stricter approach coincides with growing demands for curbs from Congress, where bills have been tabled aimed at reducing both illegal and legal immigrants.

The total illegal immigrant population here is now estimated at 4 million. Despite tougher controls, 200,000 people find a way into the US every year. Once inside the chances of being discovered are one in 100.



Photograph: Jim Cole / AP

Stooges' heirs can cash in at last

Los Angeles (Reuters) — A bankruptcy court has confirmed that the heirs of the Three Stooges — Larry Fine, Joe "Curly Joe" DeRita and Moe Howard — own the rights to their work.

Judge Alan Ahart's ruling ends years of litigation which held up lucrative film and merchandising deals. The Three Stooges, with a routine based on violent and vulgar slapstick, were a huge draw in vaudeville, television and films from the 1930s to 1960s. Re-runs remain popular television fare.

The original members were the brothers Moe and Shemp Howard and Fine. Shemp was replaced by his younger brother Jerome ("Curly") and recalled in 1946 when Jerome had a stroke. He was replaced after his death in 1955 by Joe Besser, then by DeRita in 1959.

Their output included 200 shorts and films such as *Snow White and the Three Stooges* (1961). Fine died in 1974, Moe in 1975 and DeRita in poverty in 1993.



Comic strip: Joe, Moe and Larry. Photograph: Ronald Grant

Arafat faces claims over liner hijack

Gaza (Reuters) — Yasser Arafat has been ordered by a US court to send it written evidence in a civil suit brought by victims of the hijacking of the cruise liner *Achille Lauro* in 1985 or be held liable for damages.

Nabil Abu Rdaian, an aide to the PLO leader, said the chairman had no comment on the move.

The ruling, issued by Judge Louis Stanton, said that Mr Arafat must comply with an order in March 1994 to give a deposition at the PLO office in Tunisia or other location by 15 January or be held liable for damages in the hijacking.

The judge has said while the PLO showed an apparent willingness several times in 1994 to set a deposition date and venue, 20 months had elapsed without compliance.

he head and tossed overboard in his wheelchair. His body washed ashore in Syria.

The PLO has said that a splinter group that opposed Mr Arafat — the Palestine Liberation Front, led by Abu Albas — carried out the hijacking.

The ruling by Judge Stanton was issued in favour of Crown Travel, of New Jersey, which is being sued by victims of the hijacking. It named the PLO as a third-party defendant.

Ramsey Clark, a former US attorney-general who is representing the PLO in the case, said on Wednesday that negotiations with victim families were "progressing".

The judge has said while the PLO showed an apparent willingness several times in 1994 to set a deposition date and venue, 20 months had elapsed without compliance.

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obituaries / gazette

Professor James Meade

James Meade was one of the greatest economists of his generation. He more than anyone since John Maynard Keynes influenced the way in which economic policy is now discussed in Britain. He also made a direct impact on post-war policy when as a civil servant in the Second World War he wrote the first draft of the White Paper on Full Employment and the first outline of Gatt, the General Agreement on Tariffs and Trade.

Meade's aim was to fashion economics so that it could improve the human lot. He stood in the great tradition of utilitarian political economy running through John Stuart Mill and his chief interest was the use of economics as a guide to policy. It is largely due to him that British economics has achieved its greatest international distinction in the field of "public economics".

Meade was an egalitarian, both in his ideas and in his life. He felt that economics should concern itself not only with the size of the cake but with how unequally the cake was distributed. For the sake of greater equality one should be willing to accept some loss of efficiency. Thus economic policy analysis required a framework in which any proposal (on trade, taxation, employment or whatever) could be evaluated by first describing its actual results and then assessing their impact on aggregate human welfare. Meade provided such a framework.

His first major field of study, for which he won his Nobel Prize in 1977, was the theory of international trade and customs unions. Meade was of course a free trader. But his volumes on international economic policy, published in the early 1950s, go far beyond that issue. In them he introduced the notion of the economic "second best": if there is an unavoidable distortion in an economy, economists should not just complain but should also say what is the "second-best" optimum taking the unavoidable inefficiency into account.

From trade theory, Meade turned to the distribution of income and wealth, writing the seminal treatise *Efficiency, Equality, and the Ownership of Property* (1964). This more than anything else restimated the concern of British economists with inequality. Like many Englishmen educated in public schools (he himself went to Merton College, before Oriel College, Oxford), Meade was very conscious of the wide differences between people, both in their genetic make-up (he was treasurer of the Eugenic Society) and in the opportunities life offered them. He was worried that technical change would reduce the less able members of society to penury. The only so-

lution was an effective system to redistribute income.

In the 1970s Meade's chance came to examine this issue in detail. He was asked by the Institute for Fiscal Studies to chair a Committee on the Structure and Reform of Direct Taxation. The resulting report was a *tour de force* which has influenced all subsequent debate. It helped to propel the tax system further in the direction of taxing expenditure rather than income. And it clarified the debate on income maintenance, where Meade was increasingly attracted to the idea of a basic citizen's income.

As unemployment grew in the Seventies and Eighties

Meade turned once more to that issue. As a young man he had chosen to study economics because he hated unemployment. In the war he had written the first draft of the White Paper which pledged the Government pursue a high and stable level of employment. For 30 years they had done this successfully, but now unemployment was back, together with high inflation.

To Meade it was clear that demand management could not produce permanently lower unemployment. The role of demand management was to set the nominal magnitudes in the economy (and especially inflation), while it was the role of microeconomic policy and institutions to determine the level of employment. Once articulated by Meade this increasingly became the orthodox view, repeated for example by Nigel Lawson in his 1984 Mais Lecture. In Meade's view of Economics, which he loved and where he probably did his best work. After 10 years he moved to Cambridge, where he completed his *Principles of Political Economy*, which were too taxonomic in character to be wholly successful. The political divisions in the Cambridge Faculty of Economics made him unhappy and he retired from his chair six years early. He continued writing up to his death, inspiring the young associates with whom he worked and respected throughout the profession. In October the Institute for Fiscal Studies organised a four-hour seminar to discuss his last book, *Full Employment Regained*, published this year. It was completely natural that half the country's leading economists should have been there.

Meade was a much-loved man with extraordinary gentleness and modesty for someone with such a driving intellect. He was in every sense a gentleman. He was a beautiful singer, an excellent carpenter, and a great family man. He disliked pomp and characteristically refused the offer of a knighthood.

As an economist he represented the highest values. He

strive to improve the world by the use of reason, honest argument and accurate thought. On any assessment he was among the greatest Englishmen of the age.

Richard Layard

James Meade was unhappy with the Maastricht approach to monetary union, writes Martin Weale. He advocated instead a parallel currency, which would be set up with a guarantee that it would not inflate. EU members could then choose whether to use it, peg their currencies to it or to float. A monetary union could evolve without any rigid timetable and, importantly, there would never be a point at which it could be said that the project had failed.

His concerns about the links between monetary and fiscal policy in a monetary union resurfaced in his most recent article (in the *Scandinavian Journal of Economics*) in the spring. How would one avoid unstable interactions generated by monetary and fiscal authorities competing with each other?

His students in the 1950s had seen this problem demonstrated clearly. He had supervised the construction of a hydraulic model of the economy by Bill Phillips at the LSE. This model allowed for separate adjustment of monetary and fiscal policy by different people. The result was often that they were soaked with water. Cambridge has just restored its Phillips machine with advice from James Meade.

That would be enough claim to fame, but Meade's greatest writing was to come. In 1947 he joined the London School of Economics, which he loved and where he probably did his best work. After 10 years he moved to Cambridge, where he completed his *Principles of Political Economy*, which were too taxonomic in character to be wholly successful. The political divisions in the Cambridge Faculty of Economics made him unhappy and he retired from his chair six years early. He continued writing up to his death, inspiring the young associates with whom he worked and respected throughout the profession. In October the Institute for Fiscal Studies organised a four-hour seminar to discuss his last book, *Full Employment Regained*, published this year. It was completely natural that half the country's leading economists should have been there.

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Family debt and high borrowing are here to stay, but we must find new ways to cushion the personal risks, says Yvette Cooper

How to make the never-never pay off

As January looms, that big post-Christmas question is about to be answered. Just how much did you manage to ratchet up on your credit cards this Christmas? There was the jumper for Dad on the Marks & Spencer account, the toys for the kids on Visa, and who knows what else still to be paid for in the new year.

This week saw the publication of another survey about consumer debt — this time by the consumer credit supplier Beneficial Bank, which is launching a new advisory service to help us deal with our burgeoning debts. Apparently, one in four of us will be further in debt after the Christmas spending binge. "This is just the tip of the iceberg," says Bernie Woolard, marketing controller at Beneficial Bank. "Many more will go into debt 'accidentally' and could get a financial headache in the new year."

We are not just borrowing for Christmas. Britons are also in debt to banks, building societies, retailers, credit card companies, privatised utilities and loan sharks to the tune of £500bn. Borrowing has soared over the past 10 years. As the graph shows, the total amount of debt held by British families is actually higher than the amount we have to spend each year.

The question is whether we can sustain this level of borrowing in future. In the Eighties, heavy borrowing appeared to be an extremely astute thing to do. Property prices rose consistently faster than inflation, turning houses into a sensible investment as well as a place to live. Over 10 million households in Britain currently have mortgages compared to only 6 million 15 years ago. And the size of mortgages has risen too. In 1980, first-time buyers on average took out mortgages worth 167 per cent of their annual income. In 1991, their mortgages were on average worth 221 per cent of their annual income.

Mortgages account for more than three-quarters of personal borrowing. But consumer credit — which includes anything from credit cards to hire-purchase agreements, bank overdrafts to M&S cards — has also expanded

over the past 15 years. In 1979, approximately half of all households had credit commitments other than mortgages. By the beginning of the Nineties, that figure had grown to almost two-thirds.

But the "prudent investments" and "sensible borrowing" of the Eighties turned for many people into problem debts in the Nineties. Falling house prices have meant property is no longer such a good investment, and around a million people are stuck with negative equity. Sudden redundancies or cuts in salaries have left many people finding it hard to keep up with repayments on their mortgages and other debts. At the height

By increasing their borrowing in the Eighties, families were only doing what businesses have always done

of the recession, 1,500 properties were repossessed by mortgage lenders every week.

Even today, after several years of economic growth, the overall level of debt held by British families has hardly fallen. Despite evidence that many people made valiant efforts to pay off some of their debts in the past few years, there are more mortgage holders than ever, consumer credit has been rising all year, and there are still a lot of people with problem debts.

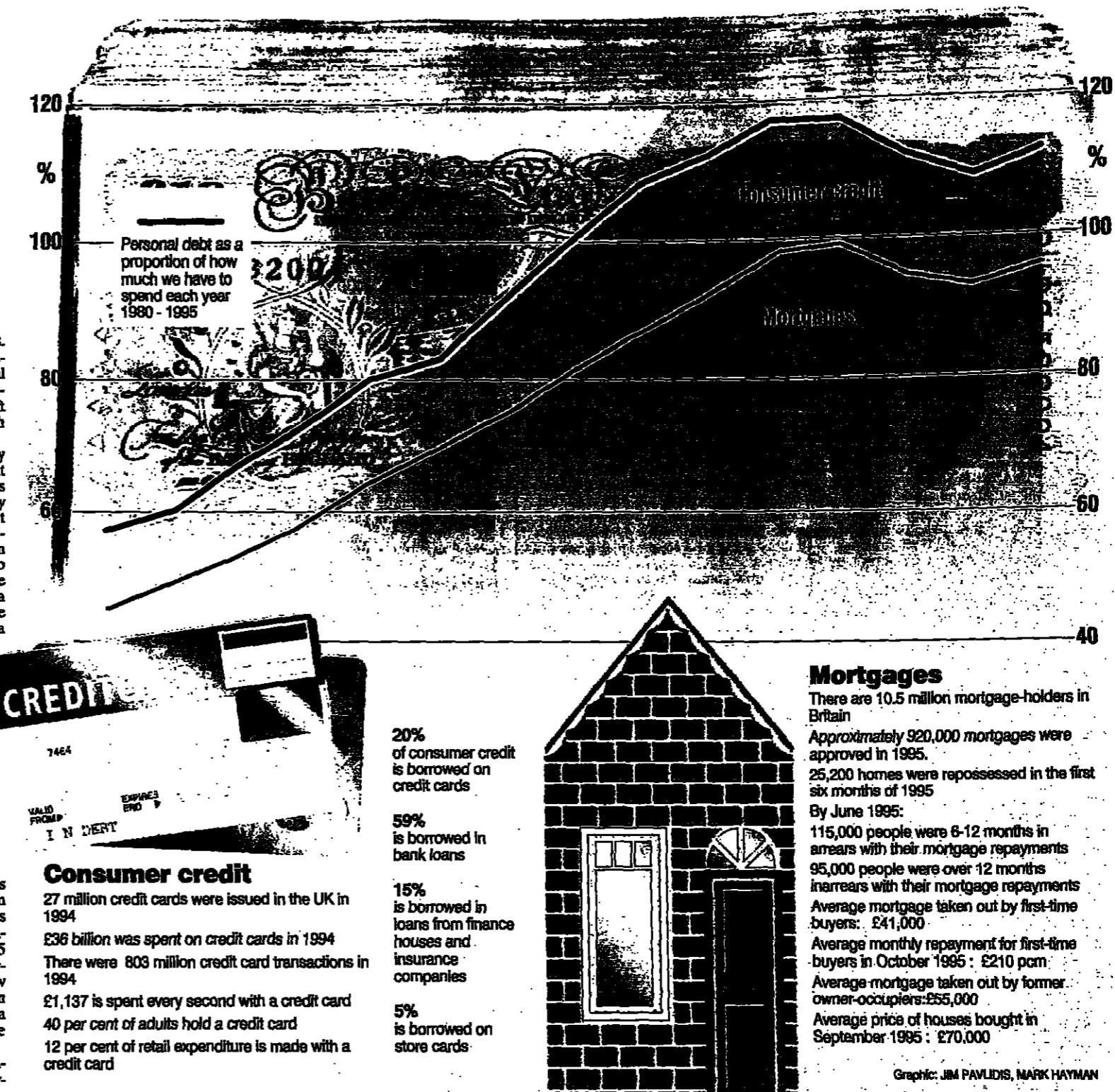
By June 1995, almost 200,000 households were more than six months in arrears with their mortgage repayments. And the Citizens Advice Bureaux saw around 750,000 people with serious financial worries last year. A spokesperson for the NACAB said that "few of them are reckless,reckless debtors". Many are living on a meagre income and simply cannot keep up with the bills for rent, heating or the Council Tax. Poverty, rather than over-borrowing in the Eighties, By increasing their borrowing

is at the heart of their problems. But for others, sudden unforeseen changes in their financial circumstances — perhaps redundancy, illness or divorce — has left them unable to keep up with their previous debts.

Borrowing patterns may change gradually in future — at least where house buying is concerned. A recent report by Elaine Kempson and Janet Ford at the Policy Studies Institute shows that young people in particular are more reluctant to take out mortgages: "More people perceive there to be a risk attached to borrowing large sums of money, especially as a mortgage." The number of first-time buyers more than halved between 1988 and 1992, although it has started to rise slightly since then. The chances are it will be a long time before so many are prepared to stake so much on housing again.

Consumer credit on the other hand has bounced back with far more enthusiasm. Despite the debts that remain, people seem ready to start borrowing again. Lloyds Bank points out that while in 1994 many of their customers took out loans simply to consolidate their debts, by 1995 they were borrowing for a purpose — perhaps to buy a new car. A spokesman said: "In 1995 there has been more of a feel-good factor. People are definitely borrowing more."

It looks as though there is little chance of a return to the low-debt early Eighties. Even if people could pay back their debts in a hurry, the chances are that many of us would not want to. As Goldman Sachs economists Gavin Davies and David Walton pointed out in a 1992 report, high personal borrowing across the economy as a whole could be completely rational. Although families increased the amount they borrowed in the Eighties, the value of their assets grew too. So while we may not be earning enough to pay off our debts in a hurry, we own houses or other assets that are worth far more than our debts. In fact, total personal borrowing is only 17 per cent of personal assets. By increasing their borrowing



Mortgages

There are 10.5 million mortgage-holders in Britain. Approximately 920,000 mortgages were approved in 1995. 25,200 homes were repossessed in the first six months of 1995. By June 1995: 115,000 people were 6-12 months in arrears with their mortgage repayments. 95,000 people were over 12 months in arrears with their mortgage repayments. Average mortgage taken out by first-time buyers: £41,000. Average monthly repayment for first-time buyers in October 1995: £210 pm. Average mortgage taken out by former owner-occupiers: £55,000. Average price of houses bought in September 1995: £20,000.

Graphic: JIM PAULIS, MARK HAYMAN

Sarajevo Diary

EMMA DALY

They said it could not, would not work. But the Western politicians who refused for so long to send any real armies into Bosnia should visit Sarajevo to see how wrong they were. The city has changed radically with the arrival of I-For, Nato's peace implementation force. Its limits have dissolved (at least for foreigners) and its front-line neighbourhoods exposed to the light of semi-normal life.

We have begun to venture to places off-limits to all but front-line troops or the suicidal — Vrbanja bridge, where the bodies of Sarajevo's Romeo and Juliet (Serb boy, Muslim girl) lay for days, guarded in death by the sniper fire that killed them. Or the outskirts of Dobrinja, where the enemies were separated only by a road.

But best of all for those of us infuriated, harassed, robbed and turned back on countless occasions, I-For has bulldozed the checkpoints in and around the city. It is wondrous to behold the forlorn expressions of our tormentors, the checkpoint guards who stand helplessly to one side as cars sail by. Even the Bosnian truck drivers who needed a UN escort to drive through the Serb-held suburb of Ilidza are breezing through — though they lurk behind theunes until they spot an I-For vehicle passing, then zip in behind.

Most locals — even those carrying UN press cards — are still too frightened to use the roads. It is likely to be some time before they are willing, as urged by the Nato commander in Bosnia, Lt-Gen Sir Michael Walker, to develop a "spirit of adventure" and drive through enemy territory.

And now the cloud of fear has settled across the front line, where rebel Serbs who lost the battle to divide Sarajevo are waiting, miserable and confused, for guidance: should they stay, and risk mortal revenge or perhaps just the poverty of a second-class existence, or go to the unknown, to the life of a refugee? The Bosnian government, which will take control of Serb-held areas next year, has called on Serbs to stay and offered lukewarm assurance of safety to all but "war criminals" — though how the average man is to calculate whether his wartime actions were criminal or

not is left unanswered. The tables have turned.

The city is gradually awakening to the possibility of peace and the freedom to move past the ring of steel that encircled it for so long. It is glorious to see lights across the valley at night instead of blackness, to see bars and cafes and streets filled with people strolling easily instead of lurking at sniper corners waiting for the moment to dash across.

Still, there are those wartime problems to resolve first: my friend Aida, for example, is wondering how

to rid her car of the odour of morgue in summer before her five-year-old son and mother return from exile in Germany. A man wounded in October died in her car as he was being evacuated and she cannot wash out the smell.

"I'm trying to make a home for Igor, but more than that, I'm trying to justify staying here to my mother. She has to be impressed when she gets here and the smell of a dead man in my car is not going to help," It may sound callous, but after four years filled with such scenes of horror, Aida herself was not much bothered by the smell.

She is also clearing her flat, moving out the refugees. "There was a 15-year-old boy shot in the head by a sniper," Aida recalled. "The bullet went straight in his forehead, through his brain and lodged at the back. We thought he would die. But after 10 days in hospital he said his first sentence, 'I want tea', and his mother fainted. So the family came to stay for six months. Function after function came back — the last was sight. I came in one day with a banana and a Coca-Cola for him, which was something extraordinary then, and he had never seen me, because I did not know the family before he was wounded. He opened his eyes and said: 'Oh, you must be Aida, you have glasses.' And there was a crash from the kitchen — his mother had fainted again."

A photo from summer 1992 shows Aida wearing pink dungarees and a white T-shirt, a camouflaged flak jacket over her shoulders, a helmet in one hand and an anxious expression. She is unrecognisable as the saucy, no-nonsense reporter I know. She used to come to work in high heels

and tight skirts — "until I broke all my heels in trenches and was reduced to sneakers".

Like most Sarajevans, she was convinced the war was a temporary aberration. "I thought this would only last two or three weeks because the Americans would come in — can you imagine?" She shivered with laughter: "1992 — how stupid I was. But, hey, it turned out the way I said — just four years late." She paused. "It's funny now, but then I just cried."

The Americans have indeed landed. Residents were bemused to see that US troops leaving their base to walk up the road for Christmas lunch adopted combat positions — but with the memory of the Beirut suicide bombing, security is taken seriously. Troops offered reporters the chance of three-day patrols with the soldiers, a practice gloriously known as "embedding media". Sadly for reporters with a sense of adventure, the patrols were limited to ... the air base.

Sarajevoans are examining the past and pondering how to rebuild the future; some are coming home, trying to stitch together marriages broken by years of war and exile, to reconcile the needs of parents and children who have changed so since the spring of 1992. There is at last a sense of hope, a growing belief that the war really is over, that life can go on — and with it, the prospect of celebs descending upon the city.

"The only one we couldn't put off was the Archbishop of Canterbury," muttered one Nato official crossly. He dropped in last week, though Prince Charles, the Pope, Bill Clinton and Bob Dole all agreed to postpone until Nato had settled in.

Jamaicans admire British sense of rhythm

Until then, there's Glenfiddich to enjoy.



INDEPENDENT

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Justice from the barrel of a gun

There is supposed to be a paramilitary ceasefire in Northern Ireland. Yet the killing rate is approaching the level it reached during the quietest periods of the Troubles. Four men have been murdered this month. The latest victim, Martin McCrory, was shot dead on Wednesday night. The IRA seems to be responsible.

In short, the cessation of political violence no longer means a total ban on killings by the IRA. Just as it never entailed an end to punishment beatings. The IRA is sending out a clear message: it will not withdraw.

That is the uncompromising message to George Mitchell, the US Senator appointed by Bill Clinton to head an international body looking into what to do about Northern Ireland's stockpiles of illegal weapons. It is probably no coincidence that the shootings began just as Senator Mitchell took up his post.

The IRA has an additional motive for these killings: to retain control over neighbourhoods from which it draws the core of its support. It has singled out the scourge of the community - drug dealers and criminals - for crude justice. Few local people will grieve for them. And there are not many brave enough to argue with an organisation that executes a small-time criminal such as Mr McCrory in front of his three-year-old son.

All of this is terribly depressing. These vigilante killings make it politically even harder for the Government to relax its insistence that at least some weapons should be decommissioned before Sinn Fein can join constitutional talks. So the danger of another stalemate in the peace process looms large.

The shootings should also dispel belief that the IRA will somehow melt away, its weapons left to rust like the guns of pre-

vious rebellions. It aims to remain a disciplined, vicious organisation, unwilling to forfeit its domination of certain communities.

There is, however, some hope. Sixteen months after the ceasefire, the IRA is still faithful to the cessation of political violence. There is no immediate sign that it is prepared to breach that aspect of the ceasefire. The popularity of general peace across Northern Ireland is such that few republicans want a return to 25 years of terrorism.

The only chance for challenging vigilantism and the shadow that the IRA still casts over Northern Ireland requires a long-term strategy, building on the political peace. It demands the creation of a settlement that is genuinely inclusive, claiming the allegiance of all communities, including Sinn Fein. Only such a state can, for example, produce a police force that the nationalist ghettos will back against the IRA. In time, the police should aim to be supported by the population that, like their counterparts in the south of Ireland after the Civil War in the Twenties, they feel able to disarm themselves.

The Government, keen to keep the peace process alive, seems to be overlooking this month's killings. London, unlike Dublin, has not pointed the finger of blame at the IRA. But this month's killings should bring home to John Major the urgency of seeking a new constitutional agreement. He must press ahead with all-party talks, even if that means circumventing his precondition that arms should first be decommissioned. The present peace, secured without a political settlement - leading to vigilante law and a still strong IRA - is no long-term solution in a liberal democratic age.

All of this is terribly depressing. These vigilante killings make it politically even harder for the Government to relax its insistence that at least some weapons should be decommissioned before Sinn Fein can join constitutional talks. So the danger of another stalemate in the peace process looms large.

The shootings should also dispel belief that the IRA will somehow melt away, its weapons left to rust like the guns of pre-



Forecasters predict no let-up in global warming

LETTERS TO THE EDITOR

Two answers to the West Lothian question

From Mr Simon Partridge

Sir: According to your leader "Tartan terrors of Mr Blair" (27 December), Tony Blair plans a new commission to think up answers to the "West Lothian question", which the creation of a Scottish parliament engenders.

It is doubtful that such a commission will find a convincing answer to the question because the creation of separate national parliaments within the British state flies in the face of its historical evolution.

The British constitution may not be written, but that does not prevent it leaving an internal logic that is based on it being a unified parliamentary system of government. The process started not with the Act of Union with Scotland in 1707, but with that with Wales in 1536. The British state expanded originally from the English-Welsh core until it absorbed the Irish parliament in 1801. The repercussions of the secession of the Irish Free State from the UK in 1922, as the fragile ceasefire in Northern Ireland demonstrates, have still not been worked through.

Labour and the Liberal Democrats, through their plans for assemblies in Scotland, Wales and Northern Ireland, seek to reverse this historical process of increasing integration. A closer look at the Irish precedent may be in order. None of the major goals of Irish nationalism have been achieved: the restoration of Gaelic, the absorption of Ulster

or the preservation of a rural and Catholic culture. Indeed, so many have decided to emigrate from the Republic that there are now more people of Irish extraction living in Britain than in Ireland.

There is an alternative to the current proposals for national devolution: it is radical devolution to revitalised local government, formed from the coherent urban-regions in which the great majority of us now live (including in Ireland). Not only does this not raise insoluble contradictions for our long parliamentary tradition, but it also happens to be in tune with the coming world in which the global and the local will have far greater salience. In short, it would renew the British nation in a truly modern idiom - something that should appeal to Mr Blair.

Yours faithfully,
SIMON PARTRIDGE
London, N2
28 December

From Ms Mary Southcott
Sir: Labour's commission to examine the "West Lothian Question" ("Labour may cut number of Scots MPs", 26 December) will be welcomed as proof positive that, despite repeated Conservative accusations of breaking up the UK, Labour, in opposition or in power, realises that power is better exercised and decisions taken closer to the people whose lives they affect.

In the very bleak midwinter

From Dr Brian D. Giles

Sir: When did the Government change the cold weather requirement? You report ("Cold comfort" payments row boils over, 28 December) social security minister Andrew Mitchell as saying, "These payments are meant to deal with very severe weather."

The original legislation was for "severe weather" and was based on a once-in-six (winters) criteria. "Very" has not been defined, and could be any large number the minister cares to think of - once in 20 or 40 or 100 winters.

Yours sincerely,
BRIAN D. GILES
Birmingham
28 December
The writer is a climatologist.

Decentralising the state is important but so is reflecting diversity at every level. That is why Labour is supporting not only a Scottish Parliament but also a voting system that gives representation broadly in line with votes cast.

It is hoped that when examining the number of Scottish MPs, the commission will take evidence on the way they are elected. Any future Labour government, reliant on Scottish or Welsh MPs for its Westminster majority, will be reluctant to leave only English MPs to take parallel decisions for England that in Wales and Scotland will be taken by their assembly and parliament.

With more Labour votes in Kent, which at present has 16 Conservative MPs, than in Glasgow with 11 Labour MPs, the commission will need to examine the way our current thinking is determined by first-past-the-post, which reinforces the representation of the biggest minority and area.

Voting systems paint different pictures. Labour's voting referendum gives a chance for the British people to come up with the only long-term answer to the West Lothian Question - electoral reform for Westminster.

Yours sincerely,
MARY SOUTHCOTT
Chair, Labour Campaign for Electoral Reform
Bristol
26 December

Wrong model for UK prisons

From Professor Justin Brooks

Sir: For the past two months I have been in the UK researching the correctional system. I have visited many correctional facilities and have spent many hours speaking to correctional administrators. As a result of my research, I am convinced that the British correctional system is headed in the wrong direction.

Although I am proud to be an American, I am not proud of the US correctional system. Policies formulated at the whim of politicians, focused only on security and punishment - and not rehabilitation - have created the most unsuccessful correctional system in the world. The US imprisons more of its citizens per capita than any other country and has the highest recidivism rate: there is very little correction occurring in the correctional system.

Even though the US provides clear examples of failed punitive correctional policies, there seems to be a desire in the UK to model these policies. Over the past decade, the US has attempted to build its way out of its correctional crisis while alleged tough-on-crime policies have failed every new available cell. Instead of allocating resources so that inmates will not recidivate, resources have been allocated to make sure there will be a cell for them when they return. I see the British correctional system moving in the same direction, because I have consistently heard over the past two

months about the prison service cutting back programmes that will keep prisoners from coming back to prison, while allocating large amounts of money to security and new prisons.

Locking inmates up without proper treatment, educational programmes, vocational training, support for their families, and concern for their transition back into the community is clearly the quickest route to a violent crime-ridden society, and an outrageously expensive correctional system. One need not be altruistic to believe that offering inmates opportunities is a good idea. It is much cheaper to pay for inmate programmes than it is to pay for a population of individuals who spend their lives shuttling in and out of the criminal justice system, while the tax-payers are probably also supporting their families.

I believe that the British correctional system can turn itself around before it becomes as failed as the US system. I have met many excellent civil and progressive administrators who, given the resources, clearly have the ability.

It is time now to formulate policies from the top that allow the operation of true "correctional" facilities, not just prisons.

JUSTIN BROOKS
Sheffield, Yorkshire

20 December

The writer is an associate professor at the Cooley Law School in Lansing, Michigan.

Common sense and monetary union

From Mr J. M. Mackay

Sir: I'm beginning to wonder whether Peter Mandelson's title, "Prince of Darkness", is an example of what historians call "the inflation of honour". The views attributed to him ("Mandelson denies right-wing agenda", 27 December) show an ignorance of Liberal Democrat policy that would be severely penalised in an A-level candidate. For example, the idea of allying with the Liberal Democrats while attacking local education authorities is not in the real world.

If Mr Mandelson wants to know about the Liberal Democrats, he should not rely on his co-author Roger Liddle who, well before he left it, had become a semi-detached member of our party. He should read Paddy Ashdown's conference speech.

He would find there not only the famous peony, without which all improvement in education is impossible; he would find also a commitment to oppose Tory tax cuts (on which we have delivered), a commitment to restore Railtrack to the public sector from whatever taboos it may have reached, and a commitment to control the growing "Frankenstein", which is the British executive, by a programme of restoring power to the people (which our predecessors of 1832 summed up as "election not nomination").

These ideas have considerable appeal to Labour members and voters. Do they have any appeal to their leaders?

Yours sincerely,
J. M. MACKAY
Broughton, Hampshire

21 December

Sharp practice

From Ms Catherine Moody

Sir: Your headline "Straw urges action on knife adverts" (23 December) prompts the reflection that if manufacturers of kitchen equipment would stop making kitchen knives with a point, much less damage might be done.

To enhance a macho image in chefs, both male and female, & about all a pointed kitchen knife can do. A blunt-ended knife is better for spreading: an oblique end acts as a Turner and a convex blade is wanted to cut up butter in a bowl for making pastry.

In the hand of the excited or violent, a stab can mean death. A round-ended kitchen knife, on the other hand, refuses to be such an efficient accessory.

Why not design a knife that is handy for cooking and not for death? It would also be safer while you dash about the kitchen, just cooking.

Yours faithfully,
CATHERINE MOODY
Malvern, Worcestershire

Sir: Not long ago, new street-name signs were put up on the Newly Prospect in St Petersburg. They bear three lines of text: the first reads "Newly Prospect" in Russian letters, the second in Latin letters, the third in Latin letters, "Coca-Cola".

Community successes in the recent elections ("Red flag is raised over Russia again", 19 December) should not surprise.

N. I. BARNES

London, NW8

26 December

Post letters to Letters to the Editor; and include a daytime telephone number (fax 0171-293 2056; e-mail address: letters@independent.co.uk). Letters may be edited for length and clarity.

A hundred years of fantasy

28 December 1895 was a cold day in Paris. Only a few people paused to take flyers from the man standing on the boulevard des Capucines. Fewer still - 33, to be exact - entered the Grand Café at number 14 and paid one franc to see the *Lumière Cinématograph*. Together they became the prime target of Senator McCarthy's House Un-American Activities Committee. Today battle still rages about the extent to which film can carry messages that provoke antisocial behaviour.

Far more positive is the way that cinema has constructed a common experience for a world audience. Tales of its heroes and heroines have become a lingua franca and people from many countries can swap lists of their favourite stars: the impossibly handsome men and the ravishingly beautiful women. And it is a collective activity, usually involving sitting down with a couple of hundred complete strangers to see something for the first time.

The death of cinema has been predicted annually. It was said that television would kill it off - and indeed audiences plummeted, reaching a low in 1984. Then the home computer became the projected nemesis, followed by satellite television. Finally, Hollywood's cultural imperialism was set to deal the death blow. It hasn't happened. Film has enjoyed a renaissance, and in the past few months - with audiences roughly double what they were a decade ago - MGM and Warner Brothers have both announced extraordinary plans for major new cinema complexes in British city centres.

Why? Probably because, even in the most atomised of societies, we human beings feel the need to share our fantasies and our excitement.

The original legislation was for "severe weather" and was based on a once-in-six (winters) criteria. "Very" has not been defined, and could be any large number the minister cares to think of - once in 20 or 40 or 100 winters.

Yours sincerely,
BRIAN D. GILES
Birmingham
28 December
The writer is a climatologist.

MILES KINGTON



MILES KINGTON

Q: 1995? A: Delia Smith and Mr Darcy

The end of the year approaches and it is time to find out just how aware you were of what happened during the past tumultuous 12 months. So here for you to mull over during the weekend is our *Grand Quiz* of 1995!

1. Who, in 1995, said the following?
a. I am making you Deputy Premier, Michael, but I want it to be strictly understood that it is a purely nominal and symbolic post.

b. That's all, right, John. After all, I realise that being Prime Minister is, in your case, also a purely nominal and symbolic post.

c. You might very well think that, Michael, but don't forget that I resigned as party leader and stood for election to show that I was the best man."

d. "Not quite, John. All you showed was that you were a better man than John Redwood, and I think we all knew that already - all except John Redwood, of course."

e. "No check from you, Michael, or I won't make you Deputy Premier."

f. "See if I care, John."

2. Which became the most maddening cliché of the year?

a. "You may think that I couldn't possibly comment."

b. "Blur? Isn't he leader of the Labour Party?"

3. When Yitzhak Rabin was murdered

Boenia on the map.

6. Whose partnership finally broke up in 1995?

a. Paula Yates and Peter Cook.
b. FW de Klerk and Dudley Moore.

c. Nelson Mandela and Winnie Madela.

d. John Redwood and Michael Jackson.

e. John Lennon and the Beatles.

f. Pearl and Dean.

g. Torvill and Dean.

h. Dean Martin and Jerry Lewis.

7. Which of the following were celebrated in 1995?

a. VE Day.

b. VDP Day.

c. VD

comment

In fear of living dangerously

We have become a society of strangers, in which trouble lurks around every corner



HELEN WILKINSON

Just when it looked as if everything was shaping up for a perfect White Christmas, brutal reality barged back in with the reports on radio and television of the disappearance of 19-year-old Celine Figard, last seen being picked up by a lorry driver at a motorway service station a few days before Christmas, as she hitched her way to spend the holidays with her cousin. As every day goes by, the fears for her grow and the police were worried enough to raise the status of their inquiry to a murder investigation, so turning her smiling face into a symbol of youthful trust betrayed by a dangerous society.

Already, many are drawing what they take to be the obvious moral. You can't trust anyone. Strangers are dangerous and only a fool would choose to hitch, deliberately laying themselves open to psychopaths and weirdos. This is a predictable response and an understandable one. We have a culture that extols the virtues of free-

Any kind of chance encounter with people in cars can seem like the ultimate danger

dom and choice, yet we seem to find them inherently destabilising. Rising mobility and the accompanying erosion of communities and neighbourhoods seem to have ushered in a society of strangers. Greater freedom has been accompanied by rising crime, especially violent crime, which heightens insecurity, fuels paranoia and creates a crisis of trust. People are becoming ever more concerned about personal safety and have become obsessed with eliminating risks.

We seem to yearn for controlled environments: whether shopping in malls such as Lakeside in Thurrock or Meadowhall in Sheffield, which have closed-circuit television cameras, stable temperatures and no rain; on holiday in places such as Centre Parcs and Disneyland, where leisure is organised within clearly defined parameters; or on package holidays, where there's always someone in charge (and someone to complain to). Risks to our bodies are eliminated, for example, by not eating beef because of a million-to-one chance that we might contract CJD, and those who like to live dangerously do it through organised activities like bungee jumping which look hazardous but are, in fact, almost wholly safe.

In this context, any kind of chance encounter with people in cars can seem like the ultimate danger. It's certainly provided good material for popular culture, with films like *The Hitcher* and



Hitchhikers wait at a motorway junction. Below left: Celine Figard, the missing French woman last seen getting a lift from a lorry driver. Below right: Fred West, who trawled the streets for vulnerable women



will send the message that it's not worth trying to hitch in the first place.

Doubtless many parents who fear for their own children's safety will feel that this is only common sense. Yet the moral that is being drawn is surely wrong. This is partly a matter of proportion and partly a matter of the impossibility of avoiding strangers. The number of hitchers who are seriously hurt remains minuscule and while many have less than pleasant experiences, particularly if they are single women, that's true of many other things we do in life, such as walking down a street late at night, driving a car on lonely stretches of road or stepping into a car with a person purporting to be interested in buying a house, as the estate agent Suzy Lamplugh did.

True, we can try to insure against the risks. We can do self-defence classes, we can try to avoid walking home at night or we can splash out on a mobile phone for the car. We can follow the advice of the Suzy Lamplugh Trust - the charity set up after her disappearance to educate other women on personal safety - which has significantly concentrated its efforts on arming and equipping women with safety techniques to minimise risks, not on prescribing further limits on women's freedom. Yet, however much we do all of this there will always be some of us who, because of money, or because we

have been caught off our guard, will still run into dangers.

Moreover, while we can try to avoid the possibility of chance encounters, we can never truly eliminate the risk of them - even in the most controlled environments. It's worth remembering that Jamie Bulger was led to his death from a video-monitored shopping centre and that the technology may have helped to catch his attackers, but it did not save his life. And while we invest thousands in burglar alarms to secure our homes, we still don't feel entirely safe from random attacks.

But the more serious flaw in the arguments of those who want to screen away all risks is that even if we could buy our way to safety we would be so aware of all the dangers that life wouldn't be much fun anyway. We would be alive but psychically dead, victims of our own anxieties and our own self-created prisons. Moreover, an organised, predictable world - one without risks and without chance encounters - would be a very boring one. So those of us who actually welcome the benefits of greater freedom - the opportunity to travel, to meet people from all walks of life and to be more mobile than we have ever been - should be prepared to embrace some risks while also learning to be careful and streetwise. Indeed, a degree of risk-taking is one of the ways in which young adults learn the survival techniques they will need throughout their lives. And in the final analysis, how many of us at any age would really be happy in a society where everything was controlled and predictable?

Jack of all trades – and all classes

Goodbye Tracy and Wayne, says Ruth Picardie. Today's parents have other aspirations for their kids

It's one of the most important decisions you'll ever make. You muse idly on the subject for years, argue bitterly for nine months, agonise for weeks. Hundreds are rejected. A handful make the shortlist. Then, at last, you and your partner agree - on a name for your new baby.

Actually, they would quite like their daughters to be Victorian - an era when parent really did stick to a proper class of names. They can either be parlour maids - Amy (7) and Molly (47) - or demure little girls such as Alice (18) and Grace (41).

Cutting-edge parents call their daughters Ellie (straight in at 40) and Abbie (new at 44 - more sugar and spice, from the days when little girls wore long hair and dresses and were seen and not heard. Feminism? Forget it. The original version of these little girls didn't even get the vote.)

Where are the Sharons who once inhabited every Essex joke?

The other new girls' entry is Kylie, which sounds suspiciously like Kylie but is in fact one of those faux-Celtic names that have rippled through the boys' chart like the wind up: kilt.

Racing up the charts are Liam (up five places to number 12) joining Connor (17), Calum (23), Kieran (26) and Sean (44). Cameron (new in at 46) and Reece (another new entrant at 48) - and this has nothing to do with Scottish and Northern Irish fertility rates, since the chart only applies to England and Wales.

While England has become a grey place led by a grey man (though John does appear a number 39, and Tony nowhere), the nation's parent-hope for wild, mucho, independent, heather-scratched sons who doubtless will want to have nothing to do with their frill Victorian daughters.

Silly, aren't we. Perhaps that's why, this year, hoping for a New man and a feminist, named my baby son Joe - a solid Biblical carpenter type - and my daughter Lola - a floozy straight out of a Kink song.

A region with a bad reputation

The West can only achieve peace in Bosnia if it changes its policies in the Balkans, says Jonathan Eyal

The first stage in the disengagement of Nato troops around the Bosnian capital of Sarajevo has begun as promised. Although pitfalls abound, hopes are rising that Nato will ultimately meet its primary objective of pacifying the republic of Bosnia. Yet stability in the entire Balkan region requires more than just a military operation in one former Yugoslav state. It needs a long-term commitment that combines economic assistance with political engagement and a great deal of patience, an effort that no Western government is currently prepared to consider. For, as the success of Islamic parties in this week's Turkish parliamentary elections indicates, the West may find itself dousing the flames of one Balkan conflict only to be confronted with many another regional crises.

As the clash point between three former empires, the Balkans seemed almost destined to symbolise trouble. Constantly shifting borders and people as well as unspeakable cruelty have all given the region its bad name. "Balkanisation", the perpetual disintegration of states into smaller entities, is now more famous as a concept than the individual countries the region encompasses. The recent Yugoslav war has rekindled all these historic fears. In most of Europe the Balkans are now regarded as a zone of perpetual instability, a region best left outside the Comment is co-operation structures. Poland, the Czech and Slovak republics and Hungary are considered as serious candidates for membership in both the European Union and Nato. But at the EU summit in Madrid last week, the case of Romania, Albania, Bulgaria and Turkey were met with ominous silence. Yet the West's assumption that the Balkan states should solve their problems before, rather than after, joining European institutions has little chance of success.

Much of Europe's reticence about the area is misconceived: the view that the Balkans represent a disease rather than merely a geographic entity is based on a fundamental misreading of history. While it is true that the region has had more than its fair share of violence, it is also a fact that much of this was engineered by competing alliances hatched in the West, rather than just local animosities.

Nor is it true that the Balkans are still torn by "tribal warfare" today: former Yugoslavia is a unique case of a multi-ethnic state that failed in no other Balkan country do ethnic minori-



Pro-Kurdish rallies are just one sign of increasing fragmentation in Turkish politics AFP

ties represent more than 10 per cent of the population and none of the minority disputes in the region can be solved by changing frontiers.

"Balkanisation" is a Western nightmare, based on a fatal misunderstanding of the past rather than an Eastern reality. Finally, the region has displayed a genuine desire to forget its turbulent history: refusing to engage in any regional disputes, Bulgaria and Romania have become friendly with both Greece and Turkey, precisely what the rest of Europe did not expect them to do. And the best co-operation between Romania and Hungary is on the military level, exactly what nobody in Europe imagined. Yet all the Balkan countries suspect that, however hard they try, the West is ultimately interested merely in ignoring them.

Albania has heeded Western demands to keep out of the Yugoslav war. The Western response is to advocate that Serbia retains control over the ethnically Albanian region of Kosovo, while granting the local population "autonomy", a meaningless compromise in which nobody believes.

The Balkan states were never consulted when economic sanctions were imposed on them. Their economies bore the brunt of the damage, but their appeals for compensation, based on provisions of the United Nations Charter that were designed precisely for this eventuality, have elicited no response. And when Nato decided to go into Bosnia, the other Balkan states were politely told that the best thing they could do was observe the proceedings from the sidelines.

Resentment against a West which is widely seen as promising the moon but delivering nothing is now rising throughout the Balkans. Nowhere is this feeling more palpable than in Turkey. Before the Gulf crisis began in 1991, Turkey was Iraq's most important economic partner, with trade totalling \$3bn a year. Not only has this disappeared, but Turkey was left with a total of \$700m in unpaid Iraqi bills as well. Jordan, a much smaller country, has received \$60m in compensation for applying the sanctions against Iraq, while Turkey enjoyed nothing more than reduced prices on Saudi oil

The writer is director of studies at the Royal United Services Institute in London.

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Amstrad shares dive as chief resigns after rift with Sugar

MAGNUS GRIMOND

David Rogers yesterday resigned as chief executive of Amstrad following a boardroom rift with Alan Sugar, the founder and chairman of the computers to cordless telephones group.

Coming less than two weeks after Mr Sugar was forced to rebuff "unfounded rumours" circulating about the company and a gloomy trading statement last month, the news revived worries in the City about the future direction of the company. The shares tumbled 25p to 1,151.5p yesterday.

Mr Rogers's resignation came after a disagreement with the rest of the board over a decision to reverse previous plans to rebuild the loss-making consumer electronics side. When he arrived at the group in August last year from Philips, his remit was to increase sales in the division, which has seen

turnover halve in the last few years but no commensurate fall in costs.

Continuing tough trading in the business appears to have led to a rethink over the last few weeks, culminating in a decision just before Christmas to further reduce its size.

But the loss of the chief executive after just 15 months in the job confirmed the fears

of many that Mr Sugar, who is also chairman of Tottenham Hotspur football club, is finding it difficult to satisfy City demands that he step back from the day-to-day management of the group.

The latest loss in the boardroom follows a string of resignations in the aftermath of Mr Sugar's failed attempt to take the company private in 1992.

Roger's departure raises the question who is actually running the business," said one analyst.

"It would be better if Sugar

would turn all his attention to Tottenham."

Jeff Samson, a non-executive director, said it was "just a question that policies proposed 18 months ago have now been reconsidered and it has been decided not to pursue them. Mr Rogers left in the circumstances he couldn't carry on and we parted amicably."

On an annual salary of £275,000 and with around 21

months of his contract still to run, Mr Rogers could be in line for a payoff approaching £400,000. He may also be entitled to a further unspecified bonus. However, 300,000 options which would net him a £162,000 at the current share price, cannot be exercised until 1997. He is currently said to be holidaying in the Caribbean, and will depart formally on 12 January.

Amstrad Consumer Electronics sells the computers, faxes and satellite dishes on which the group's original success was founded. But in the face of flat consumer demand and intense competition, it has now become an Achilles heel, notching up losses of approaching £20m for the past couple of years. Mr Rogers, who came from the giant Philips electronics group, unveiled a strategy last year of dividing all Amstrad's operations into several autonomous business units.

ACE was to be split between a low margin/high volume division and one concentrating on new products and market opportunities.

Amstrad would give no details of the new plans to shrink the consumer electronics business. Mr Samson said the proposals could not be announced before they were finalised, and Amstrad's workforce of more than 1,100 would be the first to know.

Analysts were yesterday downgrading forecasts for the current year. One said he would be cutting his from a previous figure of £22m to around £12m, after roughly £4m of exceptional costs for the restructuring and an additional £6m of operating losses from ACE. In total, he is now forecasting losses of £10m from the division.

The downgrades come as recent sentiment has again started to run against Amstrad. The shares have fallen from a

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CITY & BUSINESS EDITOR: JEREMY WARNER

Windfall boost for Grid directors

PETER RODGERS
Business Editor

The unexpectedly high sale price of First Hydro, the pumped storage electricity generating business, has brought a windfall of £45,000 to David Jeffries, chairman of National Grid.

This latest in a long line of share and option profits made by Mr Jeffries came because First Hydro was sold for £65.2m rather than the £45.0m forecast in the prospectus last month for the flotation of National Grid, which owned First Hydro and was sold to Mission Energy of the US earlier this week.

Three other National Grid directors, John Utley, Colin Gibson and Eric Cheyneux, also appear to have made a total of £25,000 more than the prospectus figures indicated.

The gains arose as a result of the demerger of First Hydro from National Grid in preparation for its sale.

Staff and executives holding National Grid shares and options were compensated for the diminution in the value of their investment – as a result of the demerger – by an issue of shares in the holding company of First Hydro.

Altogether, 500 National Grid staff appear to have owned 0.4 per cent of First Hydro's holding company, PSB.

This was worth £2.6m at the price paid by Mission Energy. National Grid said the holdings were widely spread among the company's staff.

According to documents released at the time of the National Grid flotation, Mr Jeffries had £99,623 worth of shares in First Hydro's holding company, now worth more than £144,000; Mr Utley had £23,875 (£35,000); Mr Gibson £10,429 (£15,000), and Mr Cheyneux £22,400 (£32,000).

The sale price values the total holdings of the four executive directors at £227,000.

The Grid executive directors first ran into controversy when they realised large profits on their share options in the 1994-95 financial year. This autumn they ran into a new storm when they insisted on their right to receive a special dividend paid as part of the restructuring of the Grid.



Alan Sugar: City calls for him to take a hands-off role

year's high of 293.50p in October, hit by the annual meeting statement in November and warnings from two major names. Nokia and Philips, that

trading in consumer electronics remained difficult, while mobile telephone sales growth had also slipped.

Comment, page 17.

Canary Wharf chief attacks 'nightmare' role of US banks



Sir Peter Levene: Turned down requests to remain as chief executive of the revitalised Canary Wharf development

BY JOHN WILLCOCK
Financial Correspondent

Sir Peter Levene yesterday launched a scathing attack on north American members of the banking consortium which until this week owned the London property development Canary Wharf, describing them as "abominable, awful – the worst type of people to work with."

Sir Peter plans to leave his post as chief executive of the development shortly, following its takeover by a syndicate of international investors led by Paul Reichmann.

Sir Peter said that if the rescue of the Docklands project after its collapse in 1992 had been left to CitiBank and Chemical Bank – members of the 11 strong consortium – Canary Wharf would have been left as a "wasteland".

Sir Peter also criticised Royal Bank of Canada, Canadian Imperial Bank of Commerce and Credit Suisse – "the worst of all," he added.

The former head of defence procurement was brought in by the banks to head Canary Wharf when it was re floated out of administration in December 1993. In a highly unusual move, Sir Peter criticised Royal Bank of Canada, Canadian Imperial Bank of Commerce and Credit Suisse – "the worst of all," he added.

The former head of defence

procurement was brought in by

the banks to head Canary

Wharf when it was re floated out

of administration in December

1993. In a highly unusual move,

the main bankers to the project took over ownership, hoping to recover their loans when the property market improved.

At that time the banks did not expect all their money back until 2007. Sir Peter said yesterday. Then last year the recovery of Canary Wharf had gathered such pace that buyers had emerged, and a syndicate led by Paul Reichmann, the original developer, bought it for £800m in a deal completed this week.

This £800m covered everything the banks had originally lent to the Canary Wharf project but Sir Peter said the north American banks were "very lucky and very ungrateful."

Mr Reichmann asked Sir Peter to stay on, but he refused and is now considering his options. He had a successful career in industry before joining the MoD, and is still an efficiency adviser to the Prime Minister.

The two UK banks, Lloyds and Barclays, "tried very hard to help. But the north American banks were a nightmare. They got all their money back within two years – a miracle – but it was no thanks to them.

The people they sent to work with us were totally uncommercial", Sir Peter said.

"I can't believe that world-class banks could send us people like that. Every time we had requirements for taking things forward, they tried to squash them."

"They were the most abominable, awful people. They didn't understand what they were doing. Left to them it would have remained a disaster. If they had put management in place and left the job to us – fine. But every forward step we took, they tried to second-guess us – and they had never run a business in their lives."

It is rare in the UK for banks to take equity ownership of a failed enterprise and Lloyds insisted at the time that Canary Wharf would not form a precedent. The sheer size of the project, however, made it "too big to fail".

At Canary Wharf, Sir Peter said that his main job had been to convince both prospective tenants and opinion-formers that the early shortage of transport links had been remedied.

From being half empty when he took over, Canary Wharf is around 80 per cent let. Readers Digest is about to confirm it is taking 140,000 square feet of space.

Vauxhall to supply engines for Cadillac

RUSSELL HOTTEN

Vauxhall, the UK car maker, has won a breakthrough deal to build engines for a new Cadillac, one of the most prestigious names in American motoring.

Engine output at the company's Ellesmere Port plant, in Cheshire, will be raised by about 25,000 to 100,000 when the new car goes on sale in the US in late 1996.

General Motors, Vauxhall's parent company and manufacturer of the Cadillac, has never before sourced engines for its American models from the UK. It is believed to be the first time that a UK-made engine has gone into an American marque in large numbers.

Vauxhall said the deal to supply the 3.8 litre V6 engines was a reward for improvements in quality and efficiency at Ellesmere Port. But there would be no new investment or increase in jobs at the 4,500-employee plant, which is running well below its capacity to produce 135,000 engines a year.

However, there was hope that the deal would open the door to further work for General Motors, the world's biggest car manufacturer. "As far as

General Motors Europe is concerned, this is an important event," a spokesman said. "We are now producing stuff for the US market."

The new car, the Catera, will be unveiled at the Detroit Motor Show next week. It provides Cadillac, GM's flagship luxury division, with a much needed smaller car to compete against the BMW 3-series and Mercedes C-class.

The Catera, based on the Omega Elite platform, will be built at GM's Opel car plant near Frankfurt, Germany, and shipped to America. GM expects to sell about 25,000 Cateras in 1997, the first full year of production.

Cadillac already out-sells Ford's Lincoln model. BMW and Mercedes put together.

But the company desperately needed a vehicle in the growing entry-level luxury car market, where expectations of quality and service are more important than brand loyalty.

The deal helps guarantee the future of Ellesmere Port, where productivity remains below that hoped. The uncertainties about both had increased.

Economics: Minutes of Clarke-George meeting show pay settlements are the key

Slowdown paves way for rate cut

DIANE COYLE
Economics Correspondent

Minutes of the last-but-one meeting between Kenneth Clarke, Chancellor of the Exchequer, and Eddie George, Governor of the Bank of England, published yesterday paved the way for further cuts in base rates in the new year. City economists said

of weakness were temporary or whether they were likely to persist. The Bank believed activity would pick up, but there were risks it would not.

The minutes report that: "In the circumstances, he would not wish to argue for any change in the policy stance until things had become rather clearer." The Chancellor agreed that there was nothing new that would justify a change in interest rates.

Mr George's wait-and-see advice came just before publication of the Bank's quarterly Inflation Report, which forecast that inflation would remain a little above the 2.5 per cent target for two years. However, the economic statistics for October and November released subsequently showed a further slowdown in growth and a fall in inflation. In particular, the estimate of GDP in the third quarter was cut to 0.4 per cent.

Don Smith, an economist at HSBC Markets, said: "A lot happened between the beginning of November and the middle of December. It became very apparent that inflation pressures were receding. The neutral Budget would also have made the Governor more re-

laxed about a fall in base rates, he said.

The minutes showed Mr Clarke to be concerned about pay pressures. He said the behaviour of the labour market would be important for the future path of inflation.

However, his worries were muted.

"Falling unemployment did not appear to have put upwards pressure on earnings, in part because of the labour market reforms the Government had put in place."

Mr George had earlier highlighted the importance of trends in wages in his post-Budget evidence to MPs on the Treasury Select Committee.

The minutes pointed out that in sectors where profits had been high pay settlements could be higher than average, and there was a possibility that these could act as a benchmark for awards elsewhere. This probably reflected fears that the negotiations then starting at Ford and Vauxhall could set an increased "going rate".

The Chancellor and Governor concluded that this influence was likely to be limited. But economists yesterday said concern about pay pressures

might delay the next cut in base rates until February or March, when there was more evidence about settlements in the current pay round. January is the most important month for wage settlements.

Helen MacFarlane, an economist at brokers Hoare Govett, said: "The labour market is the key to inflation. Average earnings have been remarkably well-behaved, but they could pick up in the early part of 1996."

Mr Clarke and Mr George are due to meet on 17 January. Financial markets yesterday signalled the expectation that base rates will fall another quarter point before the end of March and a similar amount by mid-year.

There was almost no market reaction to the Bank of England's announcement of the schedule of gilt auctions for the first quarter of 1996. The Bank will sell £13.8bn of gilts in three auctions, the first on 23 January. The February auction will extend the maturity range of gilts in issue with a stock maturing in 2020 or later.

The scheme was aimed at circumventing rules limiting stakes in ITN to 20 per cent, and was proposed when potential buyers of the excess shares failed to lead to a deal in time for the deadline of 31 December.

"We have been trying to sell the shares since June," a spokesman for Carlton Communications, Michael Green's media company, said. "We see this as a temporary measure."

The excess shareholdings were the result of the takeovers by Granada and Carlton of LWT and Central respectively, which took the two acquiring companies from 18 per cent to 36 per cent of ITN. Several ITN companies – including Yorkshire Tees, Anglia, Meridian and HTV – expressed an interest in buying the shares but balked at the asking price.

Privately, Granada and Carlton were both upset at a campaign by some ITN companies to encourage a second news provider to be designated by the ITC. Under the rules, only recognised news providers can offer services to the Channel 3 companies. Currently, ITN supplies all ITV news, including its flagship *News At 10*, featuring Britain's most-watched news presenter, Trevor McDonald.

'Parking' plan for ITN shares gets go-ahead

MATTHEW HORSMAN
Media Editor

The Independent Television Commission approved yesterday a controversial share "parking" scheme proposed by television companies Granada and Carlton, but served a sharp warning that it would seek the power to overturn such arrangements in the future.

The two ITN companies had sought ITC approval to place a combined 32 per cent stake in independent television News Select Committee.

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COMMENT

'One explanation for the revival in recent weeks lies in the first green shoots of economic recovery, confirmed by an unexpectedly high rise in industrial output for November'

Japan bounces but may still not be on the ball

It's different this time round or is what we are witnessing merely that traditional Japanese annual events - an unsustained stock market bounce? For those who missed it, the Nikkei struggled through the 20,000 mark earlier this week, as it had done at some stage every year since 1992 - cold comfort for the former Barings trader Nick Leeson who back in February gambled the Nikkei would be above 19,500 at the end of the year. Unfortunately for him it collapsed back down to 14,485 before the present recovery set in. Though the rise in the Tokyo market since its mid-year low point looks spectacular - nearly 50 per cent - this is nothing unusual by Japanese standards. Volatility comes with the territory in a market where the average dividend yield is less than 1 per cent.

One explanation for the revival in recent weeks lies in the first green shoots of economic recovery, confirmed by an unexpectedly high rise in industrial output for November. Government efforts to nurture growth seem finally to be bearing fruit. A second factor behind the unfolding confidence in equities has been the growing willingness of the Japanese authorities to open up to the extent of the banking crisis. The Bank of Japan has put a figure on estimated bad debts, closed down some no-hope financial institutions and set out plans for tougher monitoring of Japanese banks in future. Investors feel they now more or less know the scope of the problem and the nature of the solutions.

Underpinning all this are high liquidity levels - lots of cash chasing any investment prepared to pay more than a token return. Domestic investors figure interest rates can go no lower, leaving little scope for Japanese bond prices to rise. They are therefore allocating more to shares. Overseas investors too are increasingly confident both that the Nikkei has more scope to rise than key alternative markets - such as Wall Street - and that there is little danger of an adverse movement in the yen. The effect could be to push the Nikkei well above 20,000 before the new year is very old.

Whether such a bounce can be justified by the fundamentals - prospects for Japan plc - is another matter. It will be public sector pump-priming rather than private sector demand that drives the economy in 1996. Corporate earnings should improve, but not by a lot. Japan's transition, moreover, from a spectacularly high growth tiger-type economy to a disappointingly sclerotic one in need of very substantial structural change makes the present still-heady valuations enjoyed by Japanese shares relative to their Western counterparts look increasingly unsustainable.

Markets rarely behave entirely rationally so it will take time for this underlying anomaly to correct itself. The stock market in Japan is in any case such an integral part of the financial and industrial system that the sort of correction implied by the relative valuation analysis would mean ruin for

investors and bankers alike. There is therefore a powerful in-built resistance to any sustained further long-term fall in the market. The logic is nonetheless irresistible: the gap between Japanese and American valuations must progressively close.

Amstrad remains a one-man band

Amstrad was always a one-man band, and as long as Alan Sugar, chairman, is on this earth, always will be one. Yesterday's adverse stock market reaction to the abrupt departure of the chief executive, David Rogers, was therefore a curious one. If you invest in Amstrad, are you investing in Alan Sugar, not his lieutenant?

Nonetheless, the City plainly believed things might have changed. Three years of careful bridge-building with the City following Mr Sugar's ill-starred attempt to take the computers to telephones group private in 1992 have been undone. The removal of Mr Rogers removes the key stone in this edifice. As a former senior executive of Philips, he gave credibility to Mr Sugar's attempts to turn Amstrad from an entrepreneurial field into a serious international electronics group.

Plainly his ideas of rebuilding the core consumer business did not accord with those of Mr Sugar, who wants further to prune the business, eliminate loss-makers

and cut costs to match reduced sales. Mr Sugar's instincts may be correct. After all, it was his gut feelings for what the consumer wanted which made Amstrad the remarkable success story it was in the mid-1980s.

Now he wants to take Amstrad off in new directions, stripping out the old activities and concentrating on new businesses such as the Dutch mobile telephone maker and Viglen, a maker of computers that sells direct to its customers.

While Amstrad works out its management problems, shareholders can rest reasonably assured the company's £140m of cash and ownership of strongly-performing Viglen provide a flood of around 17p under the share price. Don't expect a business run on conventional lines, however. This is one of those stocks where the man is bigger than the company.

Supermarkets alight on electricity

When Marks & Spencer went into financial services, the banking and insurance world trembled at the thought of its potential market power. In the event, it did not turn out that way and the financial giants are fighting each other rather than the retailers. Chain stores and supermarkets can nonetheless still cause serious disruption when they enter new markets, as Tesco and others are demonstrating in petrol retailing.

The latest industry to come within their sights is electricity supply.

In theory, any reputable company will be able to buy power from the electricity trading pool from 1998 and sell it to domestic customers through their existing meters. The regional electricity company distribution networks will become common carriers, open to any licensed supplier to use.

The mechanics of the move towards open competition are the responsibility of the electricity industry. Since no businessman in his right mind will go out of his way to encourage competition, it has been dragging its feet. Last summer it was criticised in a report by the Commons trade and industry committee for poor preparation for 1998. Professor Stephen Littlechild, the regulator has given the industry a kick and brought in consultants to steer the plans through. Initial responses are not encouraging.

There is to be a centralised clearing system to handle the billing of electricity supplied from the trading pool to the various competing companies, but this has already provoked a row. Some regional electricity companies believe the £500m cost estimate is double what is required and are drawing up alternative plans. Since wholesale power prices vary throughout the day, this would be a complex project to get right at the best of times. But in this case there is a conflict of interest. The smoother the new arrangements work, the more quickly existing suppliers lose out to newcomers. Mmm.

Barings tops league with £20bn deals

JOHN WILLCOCK
Financial Correspondent

Barings Brothers has topped the UK mergers and acquisitions league table for 1995 with deals totalling nearly £20bn, despite its February derivatives disaster and subsequent rescue by the Dutch bank ING.

The corporate finance arm of ING Barings, Barings Brothers, handled 26 public and private deals worth £19.48bn according to the *Acquisitions Monthly* magazine.

By far the biggest part of this came from one mega-deal, when Barings advised Wellcome, working with Morgan Stanley, early this year in its £9.1bn takeover by Glaxo. The bank also had a hand in the second-biggest, Lloyds' Bank's £5.9bn takeover of TSB Group.

Mark Burch, a director of corporate finance at Barings, said the result was "very good news. It's been a very busy and a very good year."

Mr Burch said that the weeks

UK Mergers & Acquisitions

Adviser	Number of deals	Total value (£m)
Baring Brothers (4)	26	19,477
Lazard Brothers (9)	30	14,683
SBC Warburg (1)	48	13,821
NM Rothschild (11)	42	12,067
JP Morgan (-)	7	11,940
Schroders (2)	30	11,931
Morgan Stanley (-)	9	11,083
Deutsche Morgan Grenfell (6)	46	8,348
Goldman Sachs (7)	25	8,192
Goldman Sachs (3)	13	6,835

Source: *Acquisitions Monthly*

losses in Singapore in February had been "a very tough period". Many corporate clients had thought about their relationship with Barings, he said. "ING moved very quickly. They them-

selves have grown through mergers, and they had no prescribed formula for change. We also had a high level of cohesion in the group."

"There were no departures.

We agreed to stick together, and this year has proved that [was the right thing to do]."

Such was the wealth of M&A activity in 1995 that Barings had to hire extra people. The UK corporate finance team grew by 7 to 67, including 17 directors and 40 executives.

Such a boom year has fuelled talk of bumper bonuses. Mr Burch said that "clearly it has been a very good year and so compensation is likely to reflect that". Barings bonuses are decided in February and paid in March, he said.

Utility bids have helped to boost figures for the year generally. Barings advised on one of the few hostile utility bids so far. Along with Deutsche Morgan Grenfell it acted for Scottish Power in its £1.1bn takeover of Manweb, the re-

gional electricity company based in Chester.

There were 14 public bids over £1bn announced during 1995, compared with only one in 1994. This also beats the 1980 record when there were 11 such deals. The number of public bids completed in 1995 rose to 84, worth a combined £36.47bn, compared with 62 in 1994 totalling £5.09bn.

Second is Lazard Brothers with 30 deals totalling nearly £15bn. As well as advising Glaxo, the bank is working on two large pending deals - advising Granada in its £3.1bn bid for Forte as well as National & Provincial in its proposed £1.3bn takeover by Abbey National.

Analysts expect 1996 will be another good year, possibly as good as 1995.

Wave of strikes heralds more French gloom

DIANE COYLE
Economics Correspondent

The recent wave of strikes and unrest has taken business confidence in France to its lowest for nearly two years.

The balance of firms reporting increased output compared with those saying production

declined from minus 21 to minus 36 percent. The gloomiest sectors were the car and transport industries and manufacturers of semi-finished goods, although food and consumer goods manufacturers have also become more pessimistic.

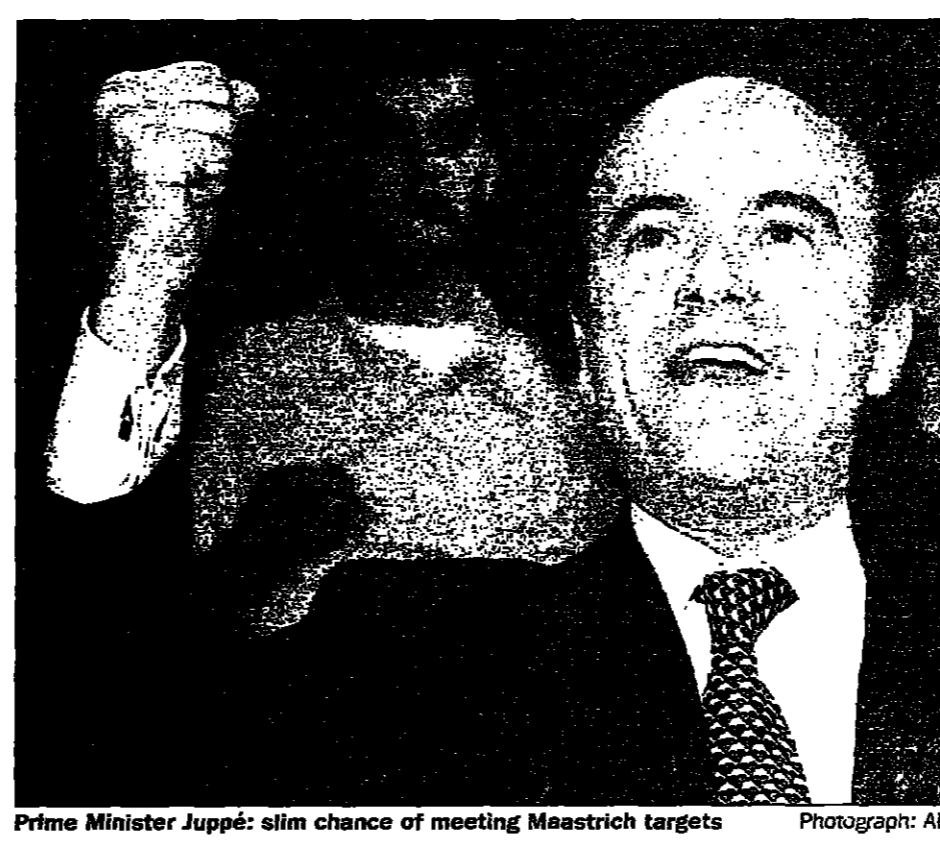
Hans Tietmeyer, the Bundesbank President, yesterday tried to put an optimistic gloss on the outlook for the French economy by saying that he thought it would meet the conditions for taking part in European monetary union from its start in 1999.

Despite the depressing survey results, there was a slight recovery in share prices in Paris after a technical disruption in the morning. The stockmarket was reacting to Wednesday's announcement by the French Government of new details of measures intended to stimulate consumer spending.

Mr Tietmeyer said he could not envisage a monetary union without France. It was one of the "core countries of European integration," he told a German newspaper. The Bundesbank President said France had the "will and ability" to meet the conditions set out by the Maastricht Treaty. However, recent figures make Prime Minister Alain Juppé's chances of reducing the government deficit to below 3 per cent of GDP look slim. Growth is slowing sharply, while deficit-cutting plans are under threat after the wave of strikes.

The latest French industrial production figures showed a 1.9 per cent fall in October, following an almost equally sharp drop the previous month. Year-on-year output growth turned negative for the first time since the end of 1993.

Despite the depressing survey results, there was a slight recovery in share prices in Paris after a technical disruption in the morning. The stockmarket was reacting to Wednesday's announcement by the French Government of new details of measures intended to stimulate consumer spending.



Photograph: AP

Virgin TV promises court drama

MATTHEW HORSMAN
Media Editor

Virgin TV promises fireworks at the High Court next month, when the controversial Channel 5 licence award is to be put to judicial review.

According to a Virgin TV insider, "you will be very surprised by what you learn" at the three-day hearing, scheduled to begin on 17 January.

Virgin TV declined to comment officially on its case. But speculation centres on correspondence between the Independent Television Commission and Channel 5 Broadcasting, which could show whether the ITC allowed the winning bidder

to raise by £100m the amount it had set aside to cover the cost of launching the channel.

Virgin TV, whose application was rejected on the grounds of quality, won the right to seek judicial review last month, claiming there had been procedural unfairness. The High Court ruled that the consortium had an arguable case.

Specifically, Virgin TV, made up of Richard Branson's Virgin Group and Paramount Television, said that Channel 5 Broadcasting had been given an opportunity to alter its bid after the 2 May deadline. Other bidders, Virgin TV claimed, were not provided an opportunity to make changes.

Four bidders applied for the

Channel 5 Broadcasting, backed by Pearson, MAL, CLT, the Luxembourg-based broadcaster, and Warburg Pincus. It has said it merely clarified the amount set aside to cover the worst-case scenario of £200m.

To date, most industry observers have assumed that Virgin TV would fail in its bid to overturn the award. The ITC has never lost a judicial review.

However, any suggestion of procedural unfairness could lead to a reconsideration of the licence award. Of the possible scenarios in the event of a court judgment in Virgin TV's favour, a re-bid is believed to be most likely.

Newspapers in Malaysia have reported that Boeing will clinch more than half the order for 25 new long- and medium-range aircraft with Airbus the remainder. CASA of Spain and British Aerospace, Aerospace and Daimler-Benz own 38

per cent each. BAe has 20 per cent and CASA four per cent.

Airbus and Boeing are fighting it out for an order from Malaysian Airlines, which is expected to make an announcement on a 10bn ringgit (£2.5bn) purchase.

Newspapers in Malaysia have reported that Boeing will clinch more than half the order for 25 new long- and medium-range aircraft with Airbus the remainder. CASA of Spain and British Aerospace, Aerospace and Daimler-Benz own 38

Thomson and Cook strike 11th-hour deal

RUSSELL HOTTON

A big dispute between two of the best known names in the travel industry, Thomson and Thomas Cook, has been settled in time for the traditional new year boom in holiday sales.

Thomson, the tour operator, and Thomas Cook, the travel agency, had stopped doing business with each other three weeks ago in a row over commissions and discounts.

Thomson was thought to have demanded that Thomas Cook accept lower commission rates on its holidays of about 10 per cent, but was allowed to offer higher discounts to customers of around 12 per cent.

Thomas Cook said it could not cover its costs under such an arrangement, and the dispute was threatening to spill over into the courts.

Thomson disconnected Thomas Cook from its holiday booking system, while the travel agent removed the tour operator's brochures from its network of 385 shops.

Neither side was yesterday revealing the terms of the settlement. But it is believed that Thomson has agreed to pay higher commissions while Thomas Cook will discount holidays by 10 per cent.

Brochures for next year's holidays were being rushed to Thomas Cook shops yesterday.

The days over Christmas and New Year are the busiest of the year for holiday bookings, and no travel company can afford to miss such a lucrative period of business.

The deal, agreed late on Tuesday after both sides' lawyers worked over Christmas, provides enough flexibility for Thomson to offer bigger discounts if the key selling season does not go well.

A Thomas Cook spokesman said: "We are now selling Thomson holidays. We have reached an agreement that is mutually acceptable."

At Thomson, which sells one in three of the 10 million overseas package holidays bought in Britain, a spokeswoman confirmed an agreement had been reached but declined to comment further.

The dispute threatened to financially hurt Thomas Cook, which has a 13 per cent share of the overseas holiday tours sold in the UK. At least one of Thomas Cook's customers books a Thomson holiday.

The industry has been hit hard this year due to its own over-optimistic forecasts about how many people would holiday abroad this summer.

Last week Thomas Cook announced discounts of up to 15 per cent on package tours a day after Lunn Poly revealed a pay-by-instalment plan.

INDEPENDENT

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Airbus shares \$3bn Philippine order

RUSSELL HOTTON

Airbus, the four-nation aircraft consortium that includes British Aerospace, has won the lion's share of a \$3bn (£2.2bn) order from Philippine Airlines.

Philippine Airlines is buying eight Boeing 747-400s, and 24 aircraft from Airbus: four four-engine long-range types, eight twin-engine 330s and 12 of the A320 mid-range aircraft. An A340 is worth about \$120m, an A330 some \$110m and the A320 about \$50m. A Boeing 747-400 sells for about \$150m. Civil aviation is emerging from recession, with the Far

East market growing fastest, but large orders are scarce and closely fought. Yesterday's announcement was a blow to America's McDonnell Douglas, which desperately needs orders for its MD-80 aircraft.

business

THE INVESTMENT COLUMN

Edited by TOM STEVENSON

Gilts market slightly tarnished

The gilts market is rounding off this year full of good cheer about prospects for 1996. Returns on gilts have not been as high as those in major overseas government bond markets during the past 12 months. But the recent sharp advance in the UK market shows that investors are confident falling interest rates and low inflation will deliver a rewarding performance next year.

That confidence now looks overdone and a disappointment seems inevitable. All the good news about 1996 has been priced into gilts in the past two months. With hindsight, it would have been better to invest at the end of October.

It is true that there remains plenty of good news about. The inflation outlook remains the best for a generation. Economic growth has slowed to a sustainable pace and the risks are that it will slow even further. Further cuts in base rates are on the cards. The economic environment is just as good abroad, so prospects are favourable for the main overseas bond markets which gilts tend to follow.

However, the market's focus on the good news may be deflecting it from the risks from inflation. One danger comes from increasing pay settlements. Another is that retailers will try to rebuild profit margins if consumer spending picks up as the Chancellor predicted in his Budget a month ago.

There are one or two other potential stumbling blocks. Changes to the structure of the gilts market, starting with the introduction of open gilts repos next week, will help the market in the long run but could cause some choppy trading in the short run. If government borrowing continues to be higher than expected, the extra supply of paper will become a concern. The Bank of England's auction announcement yesterday confirmed that it already has to sell nearly £14bn worth of stock in the next quarter.

All this is before raising the question of political risk. The stretch before a general election is not usually a peaceful time for gilt investors.

Institutions can opt to switch into more appealing overseas markets. For private investors, there are two attractive strategies. The first is to concentrate on short-dated gilts. Yields of 6.2 to 6.7 per cent for maturities of up to five years are very attractive relative to alternative investments, and there seems to be no danger of Mr Clarke pushing base rates up before the election, even if they might not fall as much as some people hope.

The second option is to go for index-linked stocks, which have outperformed other gilts this year. They will deliver an inflation-proofed return and are a good way of hedging against any pessimism on the inflation outlook.

Bonds offer a punt for nervous

Guaranteed income bonds have been under a cloud for most of this year, waiting for the taxman to decide exactly how the underlying investments that back the guarantee will be treated from next April.

Scottish Widows, which raised £300m in February after guaranteeing a net annual return of 7.4 per cent on a five-year bond, has promised to make good any shortfall caused by the changed tax regime. That makes the Widows offer even better value, given that more recent issues by suppliers such as GAN Life or AIG Life offer returns, anyway.

Guaranteed stock market bonds, which emphasise capital rather than income, have tended to take up the run-

ning. TSB, now Lloyds TSB, one of the big players in the market, has just introduced its 20th issue.

The capital is guaranteed even if the FTSE 100 index falls over the next five years; there is no limit on the upside potential; and if the index shows a 25 per cent gain at any time it is locked in to provide a minimum gain.

The increase is calculated on only 95 per cent of the initial investment however, so a 20 per cent rise in the index will generate a return of just 47.5 per cent.

The bond is structured as a single-premium life policy and all growth is normally paid free of tax to standard rate taxpayers, although higher rate payers will be liable for a 15 per cent surcharge. The minimum investment is £2,000.

Another current offer, Hamilton Life's Guaranteed Growth Bond will open next week. In this case a minimum investment of £2,500 guarantees a return of 50 per cent on top of the initial capital after six years. The index must then more than double before investors receive any further increase and even then it is capped at half of any additional rise.

Nervous savers will be drawn by the

guarantees from these bonds, which offer a little more spice than Tessas, but true investors will stick to putting on the stock market, which has been a steady outperformer in most recent years.

A quiet start for Lloyds TSB

Trading in Lloyds TSB, the new merged banking group, got off to a sound, if unspectacular start yesterday. The shares added 4.5p to 343.5p, but the market may not be doing full justice to the potential benefits of Lloyds' double marriage this year.

There is no question Sir Brian Pitman, the Lloyds chief executive, has set himself a formidable task. Integrating Cheltenham & Gloucester, the former building society was always going to be difficult, but it will be nothing compared to TSB. The bank duplicates Lloyds in nearly everything it does, while its culture could hardly be more different, having been based in the traditions of the savings bank movement.

But the new grouping starts off as one of the top three players in several key areas, including the mortgage, retail banking and corporate lending markets. Its lending will give it a market share of 12 per cent and its branch network 18 per cent of the total for banks and building societies.

There are two weapons Mr Pitman can use to lever off this base. The focus so far has been on cost-cutting. Lloyds has forecast that savings will hit £350m-a-year by the end of the century. However, that estimate is almost certain to be conservative: based on US bank mergers, SBC Warburg suggests another £100m could be found, particularly if Parliament passes the required private member's bill in 1997.

Equally important to the Lloyds' mergers will be successful brand management. The new group will have a powerful array of brands at its disposal. C&G commands an excellent name in mortgages, while TSB is building a reputation for value-for-money, no frills banking products and Lloyds retains its attractions for a wealthier, more professional customer base.

Based on SBC Warburg's forecast of profits of £2.36bn in 1996, the shares stand on a forward multiple of 12. That suggests Lloyds TSB should remain a core holding in any portfolio.

With past presidents accused of all manner of foul deeds in the run-up to elections – not too mention allegations of corruption levelled at Hyundai and Daewoo (two of the country's most successful companies) – the average Korean is not exactly starved of after-dinner conversation. Now the Korean Stock Exchange has whipped up more excitement by adding the Barings name to the list of its in-house residents.

Already a legend in the Pacific Rim thanks its reputation in derivatives trading, the blue-blooded Dutch institution is expected to take its seat on the Seoul Exchange on 29 January – a privilege which does not come cheap.

The exchange yesterday approved applications by ING Barings and Hammurabi Salomon Securities, a joint venture between Salomon Brothers and several Korean companies, bringing the number of foreign and joint venture securities houses with seats on the exchange to four. The new boys join Donghang-Peregrine (yes, I'm afraid so) and Jardine Fleming. The two new houses will have to pay about £12m in subscription fees and various deposits before they are allowed to join.

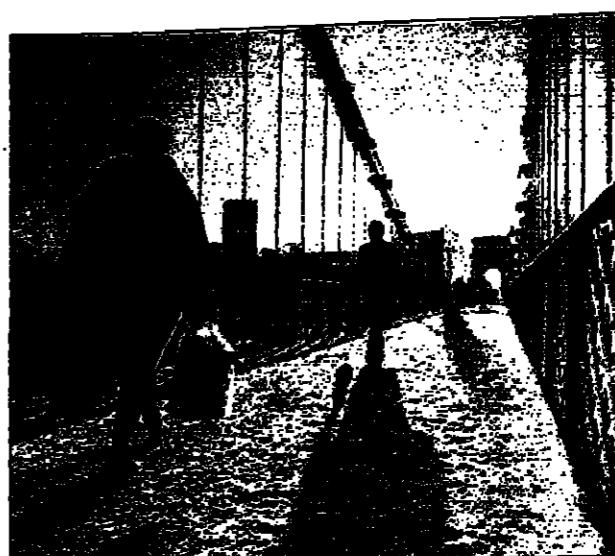
Still, petty cash compared to the final bill in Singapore. And an opportunity perhaps for Nick Lesson when he finally earns parole.

A cautionary tale from the current edition of *Whitbread News*, which highlights the perils of offering customer guarantees. Staff at the brewer's Threshers chain of wine shops are reporting some ingenious wheezes to take advantage of its Wine Buyer's Guarantee, which offers a replacement bottle if the first choice disappoints.

One elderly customer returned her purchase in a specimen jar, claiming that she was disappointed with

Simon Pincombe CITY DIARY

Now Barings tries its hand in South Korea



The Arctic snap in the North, as in Glasgow above, is playing merry hell with the lines of communication between Britain's financial nerve-centres. Here is a conversation between the London and Glasgow offices of Barclays Stockbrokers.

Richard Durlacher, deputy chairman: "How is it going up there?"

Glasgow office: "Minus 19."

Durlacher: "That's odd, the Foothie is up 11 down here."
the contents but was unable to return them in the original container. Another customer returned an almost full bottle of sparkling wine which turned out to be water with a dash of washing up liquid.
Both were reimbursed.

Indispensable research from the nation's independent financial advisers, who report that 12 million Britons will start 1996 by making a new year's resolution. Sadly for IFA Promotion, the advisers' marketing arm, there is little evidence that any of them will resolve to use an independent financial adviser – even though it is offering a free half hour on the couch for anyone who wants to sort out their financial affairs.

According to those surveyed the most popular financial resolution will be to spend less in 1996. Some 33 per cent, including "a gladiator called Wolf" said that they will try and spend less

than they earn. A further 10 per cent said they will try and pay off their credit card bills with 8 per cent promising to sort out a pension.

And a prosperous new year to all our retailers.

Encouraging news for carpenters! The New Zealand company Fletcher Challenge announces it has finally discovered "The Supertree" – the result of a world-wide search for a tree species and a growing location that will provide a superior lumber. The quest to identify this fast-growing tree (which needed to be able to flourish in places with stable, low-cost economies) has been an urgent one. Tragically for the Kiwis this triumph of economical Darwinism is not located in New Zealand.

No, the winner is ... Eucalyptus Grandis, grown in northern Argentina.

The Government is facing an uphill slog in its campaign to rekindle public enthusiasm for state sell-offs, writes Peter Rodgers

Changing the unacceptable face of privatisation

After the worst press for privatisation in at least a decade, government ministers are quietly encouraging the former state companies to fight back. The utilities are planning to step up campaigns in the coming months to persuade their millions of customers that privatisation was not just for the benefit of shareholders and fat-cat directors. The public is likely to be bombarded with claims of improved service and lower prices.

Ministers also plan to give fewer speeches about popular capitalism, wider share-ownership and the theoretical efficiency gains from privatisation, which, as often as not, come down to job losses. Instead, they will focus on the basic issues of prices and services, because these are what directly affect most voters.

Treasury and Department of Trade and Industry ministers are, for example, determined to wring every ounce of goodwill out of the £90 cut in electricity bills due this year – made up of a £50 rebate from the sale of the National Grid, £20 from a cut in the nuclear levy and £20 from price cuts ordered by the electricity regulator.

They are putting just as much political capital into a pilot scheme to introduce competition in domestic gas supply in Devon and Cornwall, which



Next in line: The impending privatisation of parts of the nuclear power industry and Railtrack are proving to be the most unpopular of all

they hope will prove that gas bills can be cut by at least 15 per cent nationally over the next three years.

In electricity and gas, the priority is to convince customers that the gains more than offset the imposition of VAT on fuel. But getting the message across to the population at large will

be an uphill struggle to a tight timetable. Ministers are uncomfortably aware that, well before the election, they must convince voters that privatisation is not a dirty word.

That means getting the good news across over the next few months – a tall order, given that it means erasing the memory of a year that has seen £14bn worth of unseemly bid fever in electricity.

Distribution companies have been changing hands at four times the valuations put on them at the time of privatisation in December 1990.

There was also the pillorying

of gas, electricity and water company executives for creaming off huge pay increases, the row over the flotation of the National Grid and the embarrassment of leaky Yorkshire Water, which could still be facing a supply crisis well into next year, after years of under-investment in new pipes.

Meanwhile, the whole system of regulation has come under fire, initially because of a lenient price review in 1994 by Professor Stephen Littlechild, the electricity regulator, most recently because of the free flights taken by Peter Davis, regulator of the privatised lottery.

Ministers also believe that the Government sticking to its principles regardless of the popularity of the plans.

"We should be given credit for bravery in recognising that maybe there are better ways of doing things," said one. But those with marginal seats are probably wondering whether the tax cuts the sales will bring are worth the pain.

Government ministers do not deny that the strategy could backfire. One said: "I accept that it may be high risk" and agreed that the railway sale could get in the way of promoting the benefits of 15 years

of privatisation. But he added: "There are signs the quality of service in the utilities and in the railways is already improving in a way the public can see."

Next year's nuclear sale will have the advantage that it has already drawn the teeth of Greenpeace and other environmental groups, who are happy that the planned transfer to the private sector seems to have killed off any hope of investment in new nuclear power stations.

But where the railways are concerned, if anything goes wrong with customer service, prices or safety during the immensely complex sale, the Government rather than the new owners is bound to be blamed.

The Department of Transport and the Treasury claim to be pleasantly surprised by the quality of the rail sales achieved so far – the first three franchises, which will be up and running during the spring, the £1.8bn rolling stock leasing companies and a variety of engineering support services.

Ministers also believe the tide of popular dislike of rail privatisation could begin to turn now that the first franchises such as Stagecoach, the bus operator, are out in the open and can promote their plans. But there is a long way to go, with 22 franchises still unsold and Railtrack not due to be floated until late spring.

Nevertheless, the Government seems to believe it can win the political argument if the privatisations of telecommunications, gas, water and electricity are judged next year on what they deliver for consumers, rather than for shareholders.

Modest returns for many investors

Enormous profits have been made on privatisation stocks over the years. But British Gas, the company that made fat cats famous, actually showed a negative return to shareholders of 13 per cent over the last year as concern grew about rising competition and falling prices.

The total return to gas shareholders since privatisation, including reinvested dividends, is also modest compared with gains made in a much shorter period by electricity and water company shareholders.

Another privatisation investment to show a negative return last year was BT, largely because of City concern at increasingly tough regulation.

Although all the other privatisation stocks showed positive total returns last year, many fell below the average 24 per cent gain made by investors in FTSE 100 stocks during 1995.

Outside the water and electricity industry, only BP and British Airways beat the average gain and Cable & Wireless matched it. Poor performers in relative terms include Amstrad International, BAA, Enterprise Oil and Rolls-Royce. Where companies were sold in more than one go, gains are shown from the earliest date.

Several water companies outpaced the market's hundred biggest companies, while Northumbrian Water, which yesterday formally fell under the control of Lyonnaise des Eaux, gained 64 per cent during 1995. Its shareholders are showing the largest overall gains for a water company since privatisation.

None of the electricity companies did as well in 1995, partly because the big run-up in power company share prices occurred the year before as a result of a lenient electricity price review combined with growing speculation about bids.

The total returns for regional electricity companies shown in the table are adjusted to include special dividends and capital changes such as share buy-backs, and to allow for the demerger and flotation of National Grid earlier this month.

Some companies have already been taken over and are about to lose their Stock Exchange quotations.

Total returns to shareholders from privatisations											
Miscellaneous	Company	% increase 1995 from sale	Sale date	Water	Company	% increase 1995 from sale	Sale date	Electricity	Company	% increase 1995 from sale	Sale date
Amersham Int'l	4	798	24 Feb 82	Anglian	26	270	11 Dec 89	PowerGen	4	277	11 Mar 91
Ass B Ports	6	2910	14 Feb 83	N Westr	19	272	11 Dec 89	Natl Power	-4	222	11 Mar 91
SAA	6	423	27 Nov 87	Northumbrian	64	591	11 Dec 89	N Electric	26	118	18 Jun 93
SIP*	31	1225	12 Nov 79	S West	10	236	11 Dec 89	Scots Hydro	14	78	17 Jun 91
S Airways	37	517	10 Feb 87	Severn Trent	34	313	11 Dec 89	Scots Power	10	83	17 Jun 91
S Gas	-13	231	5 Dec 86	Southern	25	313	11 Dec 89	E Midlands	4	361	10 Dec 90
S Steel	9	92	2 Dec 88	Thames	22	239	12 Dec 89	Eastern	32	42	

market report/shares

Talk of stake-building puts wind in Trafalgar's sails

DATA BANK									
FT-SE 100 3,676.7 + 0.3									
FT-SE 250 4,007.5 + 7.8									
FT-SE 350 1,824.4 + 0.9									
SEAG VOLUME 343m. shares, 18,310 bargains									
GILTS INDEX 95.92 + 0.20									

SHARE SPOTLIGHT									
share price: pence									
310									
290									
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DJ F M A M J J A S O N D									

Source: Financial Times

Trafalgar House, the battered and bruised conglomerate created by Sir Nigel Gadrack and the late Lord Matthews, was one of the best-performing shares as stake-building rumours captured the imagination of a lifeless stock market.

The shares climbed 3p to 27p in what, by the standards of the day, was brisk trading with Seag putting turnover at nearly 7.5 million.

Hong Kong Land, part of the Keswick family's sprawling Jardine Matheson & Co Eastern empire, was said to be responsible for the share performance.

It already has a 26 per cent shareholding, on which it is suffering an embarrassing loss, and was rumoured, as a display of support for the struggling conglomerate, to have instructed its stockbrokers to lift its stake to 29 per cent, the highest it can achieve without triggering an obligation to

bid. There was little evidence of any HKL buying pressure; if, indeed, it is interested in buying more shares it could have been deterred by the sudden price increase.

Johnson Matthey was also dragged into the story on some vague, alleged tax advantages it could claim from a link with Trafalgar.

The engineering and building group, which also embraces the Cunard liner fleet, has had a torrid time as profits have disappeared under the weight of draining long-term contracts.

Earlier this month it produced a much bigger-than-expected £321m loss and said dividends would not be paid until "sustainable profits" were achieved.

The loss, which included a huge load of provisions, compared with a profit of £46.6m last time and £151.5m in the halcyon days of 1990

when the shares were more than 200p; they hit a 32.5p peak before the crash of 1987.

Trafalgar, which recently sold the Ritz Hotel in London for £75m is still haemorrhaging cash and there is a feeling it will soon be forced to sell Cunard, which takes in the QEII.

The Americans destroyed what had appeared to be a decided drift towards a new FT-SE peak.

With the Dow Jones Average looking decidedly hesitant in early trading, Footsie finished just 0.3 points higher after earlier nudging its record trading level with an 11.5 gain to 3,687.9. Once again turnover was pathetically thin

with many of the trades merely tax-efficient bed-breakfast exercise.

Vaux, the Sunderland-based brewer and hotelier, enjoyed a modest ferment up 14p to 284p, as stories surfaced of a Bass bid.

Bass seems to be the current bidder for all seasons. It has been rumoured to be interested in Ladbrooke, the betting and hotel group, and is one of the parties seeking to buy Carlsberg-Tetley. Britain's third-largest brewer, owned by Allied Domecq and Carlsberg of Denmark.

The brewing giant is unlikely to want Vaux's breweries, pubs or nursing homes. But it could

fancy the Sunderland group's chain of Swallow Hotels which must be benefiting from the industry upturn.

Vaux's recent flat profit and the decision of finance director Timothy Walker to move to another job, have left it looking exposed. There is also talk that one of its big regional rivals - the Wolverhampton & Dudley Breweries' could be interested.

Trading started in the new banking group, Lloyds TSB was up 4.5p to 343.5p despite the special 68.5p dividend to former TSB shareholders. It was quick to deny market speculation it planned to find a buyer for its newly acquired Hill Samuel merchant banking side.

Takeover talk was back to haunt Royal Bank of Scotland, up 5p to 580p; Schroders, 3p higher at 1,348p, was helped by its bids and deals record over the past year.

Dixons, which replaced TSB in the FT-SE index, lost a little of Wednesday's enthusiasm, falling 3p to 446p.

Amstrad, the computer group run by Alan Sugar, was the day's big casualty.

The sudden departure of

chief executive David Rogers

sent the shares crashing 38p to 191.5p.

Lorbo, where there is persistent speculation of break-up moves, slipped 3p to 176p.

Oslo weakened after their recent strong run, dragged down by lacklustre displays by US oil stocks. Enterprise fell 6p to 389p.

Stagecoach, the bus group, continued to advance, up 1.2p to 352p, with stories that it could bid for the Docklands Light Railway doing the rounds.

The seemingly brighter

housing outlook inspired estate agent Hamro Countrywide 3p

higher to 43p.

SHARE PRICE DATA
Prices in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent as a percentage of the share price. The price earnings (PE) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Other details: ex rights & ex dividend & ex all. Unlisted Securities Market & Suspended pp Bid paid Nil Paid Shares. Source: Finer.

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UK Stock Market Report 01 British Retailers 02 Water Shares 39
UK Company News 02 Wall Street 20 Electricity Shares 40
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MARKET LEADERS: TOP 20 VOLUMES

Rank	Stock	Vol 1m	Stock	Vol 1m
1	Lloyds	9,200	BT	6,600
2	National Grid	8,100	General Elect.	6,500
3	Hanson	7,500	Ryfle Skand.	5,800
4	Tristar House	7,000	Standard Char.	5,700
5	BTR	7,000	ASA Gras.	5,600

FT-SE 100 INDEX HOUR BY HOUR

Open 3671.2 down 5.2 11.00 3678.3 up 2.5
09/00 3673.0 down 3.4 12.00 3685.7 up 9.3
10/00 3678.3 up 1.9 13.00 3687.3 up 11.4

Close 3676.7 up 0.3 14.00 3679.1 up 2.7

14.00 3678.3 up 2.5
15.00 3677.3 up 0.9
16.00 3677.3 up 0.3

Close 3676.7 up 0.3

index

Rank	Stock	Vol 1m	Stock	Vol 1m
1	Argill	4,111	1643	1,111
2	Blue Circle	626	3,255	2,221
3	British Airways	2,086	2,126	3,612
4	British Telecom	2,086	2,040	2,040
5	British Steel	1,924	1,900	1,900
6	British Telecommunications	1,874	1,850	1,850
7	BP	1,854	1,850	1,850
8	BP Amoco	1,854	1,850	1,850
9	BT	1,854	1,850	1,850
10	Cashpoint	1,854	1,850	1,850
11	Castrol	1,854	1,850	1,850
12	Chase Manhattan	1,854	1,850	1,850
13	Chubb	1,854	1,850	1,850
14	Coats	1,854	1,850	1,850
15	Comcast	1,854	1,850	1,850
16	Concordia	1,854	1,850	1,850
17	Davidson	1,854	1,850	1,850
18	Deutsche Bank	1,854	1,850	1,850
19	Diageo	1,854	1,850	1,850
20	Dunlop	1,854	1,850	1,850

TELECOMMUNICATIONS

Rank	Stock	Vol 1m	Stock	Vol 1m

</tbl_struct

20

unit trusts/data

Foreign Exchange Rates

STERLING		DOLLAR		D-MARK			
Country	Spot	1 month	3 months	Spot	1 month	3 months	Spot
US	15522	12-10	33-30	1000	-	-	65584
Canada	21705	8-11	24-18	13500	1-1	-	55570
Germany	22283	45-42	142-103	14300	20-21	85-85	10202
France	23200	55-58	154-114	16500	25-26	85-85	5456
Italy	24647	77-82	238-253	18500	85-92	85-85	10006
Japan	15567	48-57	257-257	22500	52-57	37-45	72555
ECU	1218	5-7	57-55	15002	24	55	55-73
Bulgaria	45744	12-9	31-25	24600	57-57	50-50	25455
Denmark	85257	38-35	357-343	3595	45-48	35-35	3500
Netherlands	24561	63-54	170-155	10003	35-30	55-53	1157
Iceland	10002	12-5	25-18	16071	45	55	6546
Norway	55545	22-15	354-358	13505	35-38	150-165	4434
Spain	16545	44-63	155-151	21008	55-52	155-155	54525
Sweden	85353	15-22	50-51	55525	55-55	440-450	4545
Switzerland	17007	55-57	200-201	5557	55-55	155-155	65535
Australia	25885	6-21	43-63	13467	6-21	24-35	65570
Hong Kong	22531	51-55	153-154	2132	2-2	15-15	55565
Malaysia	35535	6-1	5-1	25005	4-14	15-15	1750
New Zealand	25563	22-37	55-12	15561	55-52	55-50	10572
Saudi Arabia	55555	0-0	0-0	25505	2-7	5-14	25522
Singapore	25563	0-0	0-0	14550	4-10	15-15	15565

OTHER SPOT RATES

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	15563	62888	Nigeria	10-325	623000
Austria	15763	63047	China	0.204	62500
Brazil	1534	62221	Pakistan	0.2125	624260
Canada	12488	57078	Philippines	0.0925	62450
Egypt	53355	54100	Portugal	0.2225	62455
Finland	67500	48452	Qatar	0.204	6248
Greece	222258	143100	Russia	7.2025	626000
India	36824	202000	South Africa	0.0785	62643
Kenya	40665	62207	Taiwan	0.4075	627200
			UAE	67.50	62730

Note: Forward rates quoted below to buy one of £100000 (London base gold parity) those quoted low to high and as a premium add 10% spot rate. "Other rates quoted by telephone. For the latest foreign exchange rates call 0891 122 2222. Code cost 50p per minute. Always add 10% over these.

Cyprus(Protest) - 30000
Denmark(Krøner) - 24000
Holland(Gulden) - 24200

Friendship	87.00%	Mixed Eq.	85.40%	Grand Standard	82.50%
Interest Rates					
UK Euro	85.0%	Germany Discount	80.0%	US Prime	82.0%
France		Lombard	50.0%	Discount	82.0%
Intervention	47.0%	Canada Prime	75.0%	Fed Funds	54.0%
Italy		Price		Spain	54.0%
Discount	80.0%	Discount	82.0%	10-Day Repo	82.0%
Netherlands		Discount		Sweden	

Advances 54% Discount

Bond Yields				Bond Yields			
Country	%	yield %	10yr	Country	%	yield %	10yr
UK	5.9%	8.0%	8.1%	Netherlands	5.5%	6.9%	7.0%
US	5.7%	5.4%	5.6%	Spain	5.7%	6.5%	6.7%
Japan	6.4%	1.6%	4.5%	Ireland	7.0%	6.6%	7.0%
Australia	7.9%	7.9%	7.9%	Sweden	7.5%	7.5%	7.5%
Germany	5.7%	4.9%	6.6%	ECU ONLY	9.2%	8.1%	7.7%
France	7.6%	5.3%	7.6%				

Money Market Rates

	1 Day	7 Day	1 Month	3 Months	6 Months	1 Year
Interbank	4	7%	6%	6%	6%	6%
Sterling CDs	-	-	-	-	-	-
Local Authority Debs	5%	-	5%	5%	5%	5%
Discount Market Debs	5%	-	5%	5%	5%	5%
Treasury Bills (Buy)	-	-	5%	5%	5%	5%
Dollar CDs	-	-	22%	22%	22%	22%
ECU Linked Day	-	-	5%	5%	5%	5%

Liffe Financial Futures

(22 Dec. 1988)

Contract	Settlement price	High/Low for day	ExCosts traded	Open interest
Long Gb	104.10	104.11 - 104.08	555	13438
German Bond	98.88	98.85 - 98.70	12885	13442
J.C.Bond	100.05	100.07 - 100.02	1402	0
Miller Bond	100.25	100.20 - 100.30	5042	50531
SM Sterling	93.78	93.79 - 93.77	3870	92231
SM Euro 5%	94.89	94.93 - 94.89	501	55672
SM Eurobond	94.63	-	0	0
ECU	96.39	96.38 - 96.37	5001	102328
Lyon Bds	94.47	94.48 - 94.45	453	107507
Euro SF	94.57	94.57 - 94.56	225	525
FTSE 100	96.25	96.25 - 96.20	172	21637
FTSE 250	32652	32652 - 32640	4202	53563
Eurod.	40700	40700 - 40691	0	2016
	90.00	90.01 - 88.91	4580	39453

Liffe FT-SE Index Option

Settlement price: 3677.00	closing offer price		Call/Put		
Series	3600	3650	3700	3750	Total/vols
January	51/13	52/25	20/51	10/85	
February	101/28	102/45	53/88	32/86	
March	102/14	102/45	76/98	45/98	

January	91/13	53/25	2
February	108/28	62/45	5
March	124/48	123/45	2

	March	134/46	123/65	75/69	53/75	
	April	149/71	117/80	83/74	70/742	
Commodities						
INDUSTRIAL METALS—London Metal Exchange						
Stainless	Cash	3 mths	Volume	LME Stock	chg	
Alu	HG	1678-80	1703-04	36875	+ 57550	+ 4400
Alu	Alloy	1450-60	1430-1500	1175	+ 60850	+ 380
Copper	A	2642-47	2576-77	55255	+ 27500	+ 1525
Lead		719-20	717-18	5553	+ 32575	+ 105
Mangan		7940-50	8000-65	22627	+ 44922	+ 254

Nickel	7840
Tin	6275
Zinc	10105-10

GROWTH CONVENTION		US 1998	UK 1998	EU 1998	JPY 1998	Other 1998	Stock volume & change in terms at 31st Dec 22 December
PRECIOUS METALS							
per troy oz	\$	£	Cdn\$	\$	£	\$	£
Patinum	402.50	255.00	Btwn	421	261	Krugerrand	360,011 214,511
Palladium	128.25	82.50	Btwn	15.5	10.1	Sovereign	28,953 57,930
Silver spot	5.8	3.9	Btwn	5.5	3.8	Nobles	355,411 254,644
Gold Btwn	386.05	248.05	Btwn	10.0	6.8	Maple Leaf	351,405 251,630
							Stock 31st Dec 98
AGRICULTURAL							
Cocoa	Cocoa	Cocoa	Bailey	Potatoe	Potatoe		
LCE	Stone	LCE	Stone	LCE	Stone	Kg	Gt/10kg
Dec	245	Jan	204.5	140.0	Mar	27,000	355
Mar	306	Mar	178.5	125.0	Apr	25,500	323
May	317	May	183.0	124.0	May	22,500	301
Vol:	1,384	Vol:	3,087	Vol:	Vol:	Vol:	274
White Sugar	Raw Sugar	Fright	Wheat	Corn			tonne Payer
LCE	Stone	LCE	Stone	LCE	Stone	CBOT	Contracted
Mar	315.0	Jan	325.5	325.0	Jun	22,500	341.0
May	342.0	Mar	330.0	330.0	Mar	25,500	331.50
Aug	333.0	May	318.0	318.0	May	25,500	330.50
Vol:	932	Vol:	6	Vol:	118	JU	25,500-30,000
							Spot CME
Other Softs (Agricultural)							
Dec	Milk (fat%)	Stone	100	100	100	Spot/CB	FL/10kg
Jan-Feb	Cotton (L)	Stone	82.0	82.0	Jan/Feb	Cotton Oil (L)	Stone
Mar	Cotton (M)	USStone	85.5	85.5	Mar	Sunflower Oil	Stone
Feb	Wool	Australia	45.0	45.0	Feb	Reindeer Oil	FL/10kg
Jan	Rubber	Mooring	325.1	325.1	Jan/Feb	Groundnut Oil	Stone
Origin	Exch/EC	Origin	Price	Origin	Origin	Exch/EC	FT International Prices
ENERGY							
Brent Crude	(Brent)	Diesel	(Brent)	WTI		Product 1	(Brent)
SpE	5.50pm	+0.01	Yrs ago	SpE	SpE	SpE	SpE
Feb	12.25	-0.02	5.45	Feb	17.25	-0.25	Spot Cr North West Europe
Mar	12.75	-0.03	5.45	Mar	17.75	-0.25	Leaded Gasoline
Apr	22.00	-0.05	10.45	Apr	15.75	-0.25	Naphtha
Vol:	11,837	Indec.	10.27	Vol:	30,255	Apr	EC Gasoil
						15.00	Heavy Fuel Oil
							10,970
*Data subject to revision. Yrs ago price shows average forward. Source: ICE London Oil Report. Indic price							
COMMODITY INDICES							
MSCI Indices	Base date	1-Spot	100y Cng	Dec 31st	% Yrs to today	Yrs ago	% Yr chg
Index	1970-1990	265.78	+1.2%	165.75	+14.4%	175.55	+15.7%
Agricultural	1970-1990	27.05	-0.2%	24.07	+12.1%	22.04	+10.9%
Energy	1973-1990	72.23	+5.5%	69.55	+2.5%	57.04	+27.6%
Industrial Metals	1977-1990	149.05	+0.1%	205.55	-0.5%	222.04	-8.5%
Livestock	1970-1990	354.23	-0.2%	353.22	+0.0%	362.00	-2.5%
Precious Metals	1973-1990	450.02	-0.2%	452.21	+0.5%	454.77	+1.0%

100  **100**

100 Largest Insurance Funds		
	Mid	Other
Stock		
Ashley Life Managed St	3229	7623
Ashley National Managed	3237	1000
AETION Life & Annuity Managed	3238	5209
AETION Life Ins	3222	2016
Allstate Life Plus-3 Way	50320	2016
Allstate Multiple Investments	7620	7645
AMERI-DENTER Managed	2269	2274
AMERI-SHARES Managed	7620	4405
AMA-ESU, The St	7615	1013
Amherst Bank Managed	7620	7623
Bancorp Managed	7620	7623
Black Horse Ins Co	7620	7642
Black Horse Managed Inv-32	7620	7623
Brilliance	3225	5204
Certified Med Fid Supplies	3229	3263
CLICO Managed	3246	3229
CLICO Managed ST&CS	7620	7624
Colonial Mutual Managed	42023	45429
Colonial Mutual Managed Inv	32012	7627
Conseil Managed A	128	1012
Crown Managed	7620	7623
CW Health Managed	4405	4415
East Star Equity Managed	2267	2268
East Star Managed	7620	7623
EPF Managed	7620	7623
FIFCCM Vanguard Managed	7620	7623
Fidelity Free Managed	7620	7623
GA Managed	7620	7623
Gen Fidelity	7620	7623
Gen Fidelity, A, Colonial	7620	7623
Gen Managed	7620	7623
Gen Med St	7620	7623
Gen Purpose	7620	7623
GPE, LLC Managed	7620	7623
Hartford Award Managed	7620	7623
HLI Domestic Managed	7620	7623
HLI Services/Tengel Managed	7620	7623
HLI Services/Tengel Aggr Growth	7620	7623
Hol Life Global Managed St	7620	7623
J P Morgan HLD Managed	7620	7623
J P Morgan Stt And Managed	7620	7623
J Rothrock St. James Managed	7620	7623
Levermore Managed St	7620	7623
Legal & Govt Managed St	7620	7623
Leisure Benefits	7620	7623
Liberty Benefits Security A	7620	7623
Locality Mngd Inv Fund	7620	7623
Locality Mngd Inv Fund 2	7620	7623
Locality Mngd Inv Fund 4	7620	7623
Mixed		
London Life Insured	7620	7623
LMG Managed Bond	7620	7623
LMG Managed Bond Ser A	7620	7623
Markland Ins Managed	7620	7623
MEW Managed	7620	7623
MetLife Growth Managed	7620	7623
NFLI Insured Bond	7620	7623
Norfolk Union	7620	7623
Northwest Life	7620	7623
Norwest Managed Life	7620	7623
Paragon Managed Inv	7620	7623
Paragon Managed Inv Fund	7620	7623
Pearl Bond Fund	7620	7623
President Mutual Managed	7620	7623
Presidentia Ass Protect Managed	7620	7623
Presidentia I, Managed St	7620	7623
Saftey Managed St	7620	7623
Religious Managed	7620	7623
Riviera Hot Ctg Income Dis	7620	7623
Riviera Managed Inv Fund	7620	7623
Riviera Managed Inv Fund Managed	7620	7623
State & Property Bonds Managed	7620	7623
Stoltz Atlantic Managed	7620	7623
Scottish Equities Managed	7620	7623
Scottish Life Managed	7620	7623
Scottish Mutual Growth	7620	7623
Scottish Pwtr And Bal Inv Stg	7620	7623
Scotia Trust Insured Managed	7620	7623
Standard Reliance Managed	7620	7623
Standard FIV Managed	7620	7623
Standard Inv Managed	7620	7623
Standard Equity	7620	7623
Standard Inv Managed	7620	7623
Sun America Managed	7620	7623
Sun America PA Investment A	7620	7623
Sun America PA Investment St	7620	7623
Sun Life Managed	7620	7623
Sun Life Ins Managed	7620	7623
Suncorp Managed	7620	7623
TIAA-Hannover	7620	7623
TIAA Managed	7620	7623
United Friends Managed	7620	7623
Wachovia Managed	7620	7623
Wachovia Growth Managed St	7620	7623
Wachovia Predictor Fund	7620	7623
Wachovia Key Managed	7620	7623
Wachovia Key Managed Inv	7620	7623

RUGBY LEAGUE: A scrum-half is back at the top after a miserable experience 'down under'

Ford fired up for local challenge

Dave Hadfield reports on a key figure in tomorrow's Regal Trophy semi-final

For Mike Ford, tomorrow's Regal Trophy semi-final against St Helens represents everything that he missed about the English game during his ill-fated exile in Australia.

Ford was one of the two top scrum-halves in Britain when he *forsook* Castleford for Queensland 18 months ago. His hopes for a new career in the Winfield Cup were high and it seemed that England had seen the last of him.

Now he is back, wearing the No 7 shirt for Warrington and eagerly looking forward to the first big game since his return. "I'm just glad to be involved in this game like this. This sort of local rivalry is what I missed in Australia," he says.

Ford's stint with the newly-formed South Queensland Crushers started solidly enough, with the English import holding down a first-grade spot. "But then our coach, Bob Lindner, dropped a bombshell by telling me that he had never rated me and wouldn't be picking me if he had any choice in the matter."

Ford had been attracted to the Crushers by his former Castleford coach, Darryl Van de Velde, who quite clearly did rate him. But, with Lindner calling the shots and Van de Velde off his way out, there was little future there for him. "It was a shame, because we had just got settled there and the family loved it in Australia."

But Ford needed a lifeline to rescue his playing career and it came from Warrington, who saw his guile and expertise

as the ideal ingredient to blend with the youthful, instinctive talent of Lestyn Harris at stand-off. "I'm relishing it," says Ford of the new combination. "I think we are going to complement each other pretty well."

"Lestyn is a running No 6. Such is his enthusiasm for the game that he wants the ball all the time and he gives me a wealth of options. I've only known Tony Kemp at Castleford and Brett Kenny, during our one season together at Wigan, who have been anything like him."

Mention of Kenny tends to date Ford, who partnered him throughout the 1984/85 season that marked the start of Wigan's renaissance. It says everything about his early promise, as well, that the young scrum-half never looked out of place alongside one of the game's great stylists.

After that dazzling early phase – including victory at Wembley in the best-ever Challenge Cup final – his career became a fluctuating affair, taking him to Leigh and Oldham before he once more began to fulfil his potential under Van de Velde at Castleford, winning his two Great Britain caps in 1993.

By one of the co-incidences that goes hand-in-hand with the village culture that he missed when he left English rugby league, tomorrow's semi-final brings him into confrontation with a player whose career has parallels with his own.

Bobbie Goulding was also a scrum-half prodigy at Wigan and has also followed a nomadic career path since. "I'm looking forward to playing against Bobbie, so that I can measure myself and how well I'm slotting back into the game here," he says. "He was in great form during my last season at Castleford and everybody says he was even better last time around. We have certainly got to get up on him, because he is undoubtedly their key man."

Now 30 and with the benefit of all his varied experience behind him, Ford is earmarked as Warrington's key man in the first couple of Super League seasons.

For him, the revelation has been that the quality of the young players the Wigan have drawn in, particularly the 18-year-old Paul Sculthorpe, whom he remembers as a schoolboy who haunted every Oldham training session, rain or shine.

"When I think back to what I was like at 18, he is 10 times better," he insists. That assessment bodes well for Warrington's future. As far as the unfinished business of this transitional season is concerned – including what could be the last Regal Trophy – fresh talents like Harris and Sculthorpe will be only too glad for the steady influence of Ford.



Half-chance: Mike Ford is keen to link up with Lestyn Harris

Photograph: Andrew Varley

Oats caught by the snare of statistics

Richard Edmondson on the burden of winning the Cheltenham Gold Cup

There will be those who consider the offer of 4-1 about the Cheltenham Gold Cup winner, Master Oats, to win next week's re-titled King George VI Chase as one of the value bets of the season. They are not the same people who devote the hours after twilight to digesting statistics.

In the old days it used to be that winners of the Gold Cup could mop up other prizes before reassessing their omnipotence at Cheltenham: the times when Golden Miller, Cottage Rake, Arkle and, most recently, L'Escarape were supreme. Since the last-named posted his second consecutive Gold Cup victory, however, enduring success for the Blue Riband winner has been hard to find. When the field lines up on 14 March for this season's renewal it will have been 25 years since a horse either retained or regained the Cheltenham Gold Cup.

The morsels have been difficult to find as well. Between them, the last 10 winners of the Gold Cup have gone on to contest 126 races, capturing just 19 of them. The Holy Grail has become the poisoned chalice and victory at the Festival delivers not so much a laurel around the neck as a gin trap on the leg.

Toby Balding is a victim of perhaps the greatest bungles jump in racing of a Gold Cup winner. He sent out Cool Ground to take the 1992 running, after which the gelding (following outings for Balding

and a subsequent trainer, David Elsworth) went 20 efforts without glory before dropping down to an amateurs' event.

Balding believes there are many reasons for this diminution of Blue Riband winners. He even discusses sociology, which most of his brethren would think is the name of a novice chaser trained in Lambourn. "The owner band has totally shifted in its emphasis in modern racing from the country-landowner type to people from business, where everything is done pretty quickly," the trainer said. "You have to have immediate results and these days the hardest thing to do is sell a horse that has done nothing."

The chasm between those who would not let a strip of share prices pass in front of them unnoticed and others who could lazily watch the seasons go by means that jumpers these days have a harder time, both in terms of volume and severity of races. "There is no doubt the style of racing has altered and they go much quicker these days," Balding said. "That doesn't make for longer careers."

In Cool Ground's specific case, he was an unexpected winner of the race in 1992, when Adrian Maguire cajoled him in the closing stages with all the vigour of a blacksmith smiting an anvil. The horse may have recovered from his physical exertions that day, but there was little medicine, for what the handicapper passed on. "Bas-

ically, he was a 10-year-old when he won it and he took a 21lb hike in the handicap," Balding said. "He wasn't good enough to win another Gold Cup and not much else off that weight."

'With it being a championship you've got to be very thankful to win once never mind twice'

"The winner of the Gold Cup goes straight to the top of the handicap and if they can't go and win a conditions race then they're handicapped out of it."

At 10, Cool Ground was at the top end of the modern limit. For the last 14 years, the winner has been aged either eight, nine or 10, which suggests there is a limited window of opportunity.

tunity between callousness and the veteran stage.

Jodami was only an eight-year-old when he won in 1993 and apparently destined for a Victorian occupancy of the throne. The gelding has a good subsequent record of any recent Gold Cup winner, yet he has been on a remorseless downward curve, finishing second in 1994 and eighth this year, as well as turning in two deeply unimpressive performances in the current campaign.

Peter Beaumont, nevertheless, defends Jodami's record and finds it difficult to understand why his horse should be criticised. "The Gold Cup is always the race to win and that means it's never easy," the trainer said. "With it being the championship race it's always difficult to win and Jodami has done tremendously well to win and be second. You've got to be very thankful to win once, never mind twice."

In yesterday there were five-year-old winners of the Gold Cup but that no longer occurs

as present day thinking is that chasers should still have a teal and bottle in their mouths at that age. The trade of training like other occupations, has become far more competitive and equally entangled in the programme for Gold Cup winner now is the lucrative Grand National, as the horse will never be so well handicapped again.

Horses, though, do not go on to win the Grand National after the Gold Cup (unless they are called Golden Miller and they were racing over 60 years ago) and they sometimes do not come back at all.

Last season's Blue Riband, in particular, was a destructive race on soft going, and even the winter looked to be favouring just after half-way. Master Oats subsequently ran without success in the Grand National and without any vigour at all on his reappearance at Chepstow. Many will forgive him and pledge monetary support for the King George at Sandown tomorrow week. History suggests they will be wrong.

Folkestone offers first glint of hope

A blank week for British jumping enthusiasts looks on the cards as all today's scheduled meetings at Fontwell, Newbury, Newcastle and Warwick have succumbed to frost and snow and tomorrow's cards have already started to tumble.

Tomorrow's scheduled meeting at Nottingham has already been abandoned and Catterick (Inspection 8.30am) and Newbury (9.30am) both report that their tracks are frozen.

Folkestone, however, holds out a glimmer of hope. "There is a light covering of snow over most of the track, but where the ground has melted the frost has got into the ground," a course spokesman said. The track will be inspected at noon.

Jumping on sand ruled out

All-weather jumping, banished in March last year after a spate of equine fatalities, will not return, the British Horseracing Board has confirmed.

Prospects in Ireland are only marginally better. Leopardstown and Limerick – both abandoned yesterday – are due to race again today with prospects rated "50-50 at best" at Limerick and "60-40 against" at Leopardstown.

If Leopardstown can race tomorrow and on Sunday then the cards will include some of the best races that were lost on earlier days of the meeting.

Trainers have responded positively to the efforts of the British Horseracing Board by supporting the two races added to Cheltenham's New Year's Day card to replace Kempton's Christmas Hurdle and Wetherby's Castleford Chase.

As expected, the David Nicholson-trained Viking Flagship heads the weights for the handicap chase with 11st 10lb and is one of four in the handicap proper. The remaining trio are Ireland's Strong Platinum, Travado and Nakir.

Henderson, who was full of praise for the BHB's initiative, warned that Travado would run only if the ground is good. "We've kept him clear of soft ground so I don't want to start

now," the trainer said. "But we must take our hats off to the BHB who have tried extremely hard over this difficult period."

David Elsworth is rather less happy. He trains three of the five horses in the handicap proper in the hurdle: Atours (1st 10lb), Oh So Risky (1st 11lb) and Alsalam's Lady (1st 11lb).

"I have just written a letter to the racing papers about my annoyance at the situation in which we have two Grade One races – the Bula and the Christmas Hurdle – and replace them with a £15,000 handicap. So my horses, instead of meeting their rivals on level terms, will be giving away up to a stone. But I suppose eating peanuts is better than having no food at all."

Elsworth vexed by replacement races

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Story remains the same for Sri Lankans

Cricket

Australia 500-6 dec
Sri Lanka 233 and 33-1

Sri Lanka enjoyed a rare day free of controversy yesterday but their fortunes on the field sank in familiar fashion in the second Test against Australia. Beaten by an innings in the first test two weeks ago, the tourists seem to be stumbling towards a similar fate at Melbourne.

Sri Lanka, distracted by the first two days by the saga surrounding the legality of their off-spinner Muttiah Muralitharan's bowling action, said yesterday they would consider leaving him out of the third test unless questions surrounding the legitimacy of his action were resolved.

The match has followed the pattern established in Perth, where Sri Lanka's heavy defeat was overshadowed by the accusation of ball tampering by the match referee, Graham Dowling, although they were later exonerated by the International Cricket Council.

In reply to Australia's first innings of 500 for 6 declared, Sri Lanka were dismissed for 233 and forced to follow on. At close of play, they were 33 for 1, still needing to score another 234 runs to make Australia bat again.

An intimidating spell by Glenn McGrath inflicted most of the damage in Sri Lanka's first innings. McGrath, gradually assuming the mantle of Australia's main strike bowler ahead of Craig McDermott, claimed 5 for 40.

McGrath troubled the Sri Lankan batsman by generating extreme pace and bounce. Only

the wicketkeeper, Romesh Kaluwitharana, and the captain, Arjuna Ranatunga, delayed Australia's onslaught with half centuries of differing character.

While Ranatunga showed caution in compiling 51 runs from 155 balls, Kaluwitharana went on the offensive, scoring one less run off a third wicket than his predecessor.

Paul Reiffel, who took two wickets in the first innings, condemned Sri Lanka's opener, Rohan Mahanama, to another failure in the second innings.

Mahanama edged a simple catch to Shane Warne at third slip to be dismissed for three in both knockouts.

McGrath, who has claimed 29 wickets in five Tests against Pakistan and Sri Lanka this season, admitted: "That was the fastest I have bowled all season. The wicket had everything you would look for and my confidence was high."

(Third day Australia won Ross)

AUSTRALIA – First Innings 500 for 6 dec (S R Waugh 131, D C Boon 110, T Ponting 71).

SRI LANKA – First Innings (Overnight 29 for 3)

U C Pathirana c Ponsford b McGrath 23

A P Gunaratne c Henry b Ponting 27

P de Silva c Ponsford b McGrath 51

H M Jayawardene c Taylor b Warne 51

I R S Kaluwitharana c Boon b McDermott 50

W M Muralitharan c Ponting b McGrath 50

G P Wickramasinghe c Henry b McGrath 10

M Muruganayagam c Slater b McDermott 11

K J Seneviratne not out 6

Extras (dec) 101

Total (42 overs) 233

Falln: 1-64, 2-131, 3-182, 4-213, 5-221

Bowling: 1-13, 2-38, 3-63, 4-103, 5-130, 6-182, 7-183, 8-213, 9-221

U C Pathirana c Ponsford b McGrath 26

A P Gunaratne not out 20

G P Wickramasinghe c Henry b McGrath 8

M Ruhuna c Slater b McDermott 11

M Kaluwitharana c Ponting b McDermott 10

W M Muralitharan c Ponting b McDermott 10

H M Jayawardene c Taylor b Warne 10

I R S Kaluwitharana c Boon b McDermott 10

W M Muralitharan c Ponting b McDermott 10

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I R S Kaluwitharana c Boon b McDermott 10

W M Muralitharan c Ponting b McDermott 10

G P Wickramasinghe c Henry b McGrath 10

M Ruhuna c

sport

FACES FOR '96: Three men in different sports at different stages of their career have the same problem of living up to the past

Phillips sets lips smacking

A sk a Crystal Palace supporter about the heavy weight of prediction and he will probably burst into tears. The "Team of the 1980s" was Malcolm Allison's prophecy but somehow Liverpool overshadowed them. And Everton. And Arsenal. Even their tenants, Wimbledon. Suffice to say they fell short of the mark.

Imagine, then, the cross that Martin Phillips has to bear, never mind provide. Alan Ball, his manager at Exeter and now at Manchester City, once said he would become England's first £10m player - and has the tag stuck? Is Maine Road perpetually in a state of crisis?

Just a glance in the *The Pink*, Manchester's Saturday sports paper, shows it has clung like an agent to his commission. "£10m kid misses out", "£10m treasure buried" are just two examples. Phillips, Buster as he is nicknamed, has a huge expectation on his shoulders even before his debut.

In fairness to Ball, who probably wishes now he had kept quiet, he backed his judgement by buying the 19-year-old winger in November in a structured deal that will cost City less than a tenth of the manager's estimation of his future worth even if he fulfills everything. "He's one for the future," Ball purrs, almost licking his lips in anticipation.

Just as Exeter fans drool from theirs about goal Phillips scored against Fulham in September. They call it the best ever seen at St James Park and, yes, they are quite prepared to throw in that little ground of the same name up on Tyneside into the equation.

Receiving the ball with his back to goal 30 yards inside his own half, Phillips turned and beat three opponents before gliding upfield, where he bewitched two more before curling a right-foot shot into the top left-hand corner of the net. You would say it was Ryan Giggs-like, except that another tag is the last thing he needs.

"We know Martin since he was a 13-year-old associated schoolboy," Ball said, "and even then he shone out like a beacon. In many ways he is an old-fashioned winger who can operate equally effectively on either flank. He has a lovely attitude towards his football and has immense talent."

If there was one question mark about him, it was that he was a bit on the slight side and we might need to put him on a regime to build him up. Then, George Best wasn't muscle bound when he was 19 and he didn't do too badly.

"I don't want to put Martin

Guy Hodgson
on the youngster
who has swapped
the countryside
for Moss Side

under any pressure by labelling him a second George Best, but I want the Manchester City fans to know we have signed the most exciting young player in English soccer."

Ball's opinion might not be shared on such a grandiose scale by other clubs, but they were hovering just in case. Against Brentford this season 13 scouts turned up - they were just the ones who announced their presence - and it was this increasing interest that forced Ball to act.

"I can guess what our supporters are saying," Ball said. "They are wondering if a club in our position can afford the luxury of spending money on a player who isn't ready for the first team. I can only answer that, if I hadn't got him now, some other club in the Premiership would."

That included Manchester United, who had been monitoring Phillips' progress.

Having lost Giggs to their bitter rivals, a second lost treasure would not have been forgivable.

"Martin has been signed for tomorrow, not for today," Ball continued. "He is a little boy from the West Country who has never been away from home before and he will need time to settle at a big club in a big city. He's used to green fields and the countryside, not Moss Side. I'm not even sure he knows what girls are yet."

"I want to give him time to adjust to his new surroundings. I don't want to damage his confidence by throwing him in at the deep end too soon but I would expect him to be in contention for a place in the Premiership side before the end of the season."

"Maybe if we were in a comfortable mid-table position I could afford to put him in, but not now. We need all the experience we can get at the moment."

Needs can overthrow intentions, however, and it was noticeable that the name of Phillips was added to an injury-stricken City squad for their match against Chelsea last Saturday. He did not make it to the substitutes' bench but you sense his progress is such that it is just a question of time.

Then the real question can be asked. Is he £10m man?

He is asked. Is he £10m man?



Premature evaluation: Once priced at £10m, Martin Phillips trains with Manchester City yesterday. Photograph: David Ashdown

Villeneuve prepared for all the expectations

The Williams-Renault mechanics, informed their new driver had dumped his car off the circuit, stood around awaiting his return and with it a familiar, technical excuse. At last the small figure, helmet in hand, appeared in the garage. "Sorry," he said coyly.

No familiar technical excuses, no excuses at all. Even when his engineer claimed responsibility for suggesting they run with slick tyres on a damp track, the new man would have none of it. "No, I was driving the car," he insisted.

In more ways than one, Jacques Villeneuve promises to be a refreshing addition to the Formula One line-up.

The winner of the 1995 IndyCar series, he is another son of a famous father. Unlike

the States-tied Michael Andretti, however, Villeneuve is a French Canadian with a home in Monaco, cultural empathy with Europe and a thoroughly urban outlook on life.

Also unlike the ill-starred Andretti, he is likely to have, along with his team-mate, Damon Hill, the best car in the championship, and, come the first race in Melbourne, on 10 March, he will have the benefit of many test sessions.

Hill, too, has had to pursue a career under the weight of a "son of" mantle, but while his father, and Andretti's, fulfilled themselves, Gilles Villeneuve was denied that opportunity. He was killed in qualifying for the Belgian Grand Prix in 1982.

The second coming of a Villeneuve to Formula One has

inevitably stirred emotional expectations that he will now take up the torch and accomplish the mission. He is prepared for the expectations, but not the mission. Jacques, who was 11 when his father died, said: "A lot of people would like to hear me say that, but I'm not going to say that just to make everyone happy. Yes, I sense the expectation is there, but that's not the reason I am in racing. I am not racing because my father left too early and I have to carry on the name and tradition and all that."

Villeneuve attended racing schools in Canada and flexed his competitive instincts in 1988, in the Alfa Italian Tourism Championship. "I did three races and crashed after five laps every time. Then I went into Italian

Formula Three and that was the first real racing I did. It was very hard, as everybody knew me because of my father. But I was very much a kid then and I didn't really care what was going on around me, so it didn't hurt me that much."

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"I always knew, though - and I don't know why - that I would make it. This was what I really wanted to do and every year it gets better and better."

After three years in Italian

Formula Three he moved to Japanese Formula Three and

from there back to north America. "Like all Europeans, I thought only of Formula One, then I opened my mind to both worlds."

He developed his own style, less spectacular than his father's and less erratic. He won the IndyCar Rookie of the Year for 1994 and followed up with the championship. Williams tested him and decided he was the driver to replace David Coulthard.

Coulthard is no more willing than Coulthard to play

No 2 to Hill, but he regards the British pair's well-chronicled skirmishes with disdain.

"I think all that stuff is useless," he said. "There's no point. I think you should just do your job. I'm not sure what is the truth and what isn't, so I can't really have an opinion."

"My relationship with Damon is great. At a race it may be different, but there's enough pressure from the racing itself without pressure from within a team. It isn't beneficial, it doesn't make you perform. It becomes in-team fighting instead of championing fighting, and I don't think that's positive."

Villeneuve acknowledges he has been given much-vaunted chance and that he cannot afford to consider 1996 a learning year. Andretti was sacked before completing a full season.

"You do that if you do not go with a top team," Villeneuve said. "This is a winning team. It's a winning car, probably the best; everything is there to win, so as a driver you're not paid to cruise

Surprisingly enough, there are many reasons why an insurance company won't insure you.

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SOME INSURANCE QUOTES ARE SO HIGH, YOU'D THINK THEY DIDN'T WANT YOUR BUSINESS (THEY DON'T.)

Australian big hitter with a bigger future

He is known as "Scud", as in missile, which is convenient since his name, Mark Philippoussis, is as big as his serve.

Philippoussis, in common with the American Pete Sampras, another of Greek ancestry, has sought inspiration from the accomplishments of the great Australian champions of the past. But Philippoussis may find that he is cursed by *tzatziki*, being an Aussie himself and subject to the weight of expectancy which passes from one potential prodigy to the next.

Philippoussis is among the latest crop of contenders, along with Patrick Rafter, Jason Stoltenberg, Michael Bobutt and Scott Draper. Although Draper has moved on, seasoned Australian observers seem to compare his style to Rod Laver's, the 19-year-old Philippoussis appears custom-made for the power-dominated modern game, from a 6ft 4in frame to a desire to hammer the opposition into submission.

"I have never seen an Australian hit the ball as hard in any movement," observed his compatriot, Mark Woodforde. "It doesn't matter what the score is, in a practice match, or a training session, or even in a proper match, he just wants to wallop it."

Belting the ball does not guarantee success, but, as Woodforde pointed out: "Mark has great success with that at the moment, and I think he has got a very bright future."

Ranked No 274 when given a wild card for the Australian Open in January, Philippoussis had risen to within striking distance of the top 20 in October after advancing to his third ATP Tour final of the year.

Encouraged by a stirring first-round performance in Melbourne, where he lost in five sets to Stevan Edeberg, Philippoussis continued to impress in Scottsdale, Arizona, in February. He accounted for the Russian baseliner, Andrei Chesnokov, and the American server/volleyer, Todd Marin, before falling to Jim Courier's hefty groundstrokes in the final.

After something of a lull, during which Philippoussis largely was defeated by more experienced and higher-ranked opponents, the youngster launched another impressive attack in October, elevating his ranking from No 90 to No 52 on the strength of a fortnight's results indoors in the Far East. The surge of form may have been related to a move to the Nick Bollettieri Tennis Academy in Florida.

While Philippoussis has prospered on rubberised concrete courts and indoor surfaces, it remains to be seen whether his physical prowess development. He is given credit for rescuing Mark's career after pranks during a junior trip to Asia less than three years ago resulted in a six-month suspension and a ban from official touring teams.

The youngster responded positively to his father's ultimatum to make up his mind if he wanted to play tennis and, if he did, to give it total commitment.

On the other hand, when a wild card requested for Wimbledon this year was not forthcoming, an offended Nick advised Mark not to enter the qualifying event, and so he gave the world's most important championships a miss. This cost Mark valuable experience, at the least, and was another example that tennis fathers do not always know best.



Philippoussis: Hard-hitter

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"We are going to work towards winning the championship. That doesn't mean we are going to make it, but I feel it's not out of the question. The IndyCar: I had felt like a second pair of socks, and once we get there with Formula One it's going to be beautiful."

ferg

sport
chaos
freeze

Show going on

Ferguson turns up the pressure on Keegan

"You have to earn the right to be a champion," Alex Ferguson said after his Manchester United team had beaten Newcastle on Wednesday.

He was right, but it also sounded suspiciously like the Manchester United manager was beginning the psychological battle which is so much a part of a modern title campaign.

Last year his words games so needed Blackburn that even the mild-mannered Tim Flowers was provoked into a response:

to his calculated barbs about "pressure". Rovers did go on to win the title, but only just.

Their closing record of seven points from six games was hardly championship form and, had Manchester United taken their chances at West Ham on the final day, the title would have remained at Old Trafford.

The previous year Blackburn had closed a 15-point lead, only to find the effort left them unable to pass Manchester United. Two years earlier Unit-

ed had themselves let slip a nine-point lead to Leeds.

Those examples underline that seven points, Newcastle's current lead over Manchester United, is a slim cushion with 18 games to go. Even so, only Arsenal in 1989 of the last eight champions have not been leading the table on New Year's Day – so history remains on Newcastle's side.

Their away form is a problem, although between now and 2 March, when Manchester Unit-

ed visit St James' Park, they have only one difficult trip, to nearby Middlesbrough on 10 February.

Equally worrying is the loss of Keith Gillespie, so crucial part of Newcastle's gameplan. He is unlikely to return from the ruptured thigh tendon he suffered on Wednesday much before that March match. With

Tyneside, after spending £14m in the summer, this season has a win-or-bust feel about it for the Magpies. Manchester United, by contrast, are in a transitional sea-

son – that they are challenging so strongly is a bonus.

It remains to be seen if their young players can sustain their performance. Much relies upon Ryan Giggs and Eric Cantona maintaining fitness, form and availability.

Their win will also give re-

newed hope to the other con-

tenders, notably Liverpool, whose form is returning after a bad November; Tottenham, who are having a good run and acquiring the unfamiliar sobriquet of "hard to beat" – and Arsenal, who will soon have Dennis Bergkamp back.

The likelihood remains that the champions will be Manchester United or Newcastle. The latter are favourites. They seem invincible at home, they have the resources to buy if their challenge continues to falter, and

they are not over-reliant on one man – although Peter Beardsley is still the key influence.

But do they have the "bottle"? Manchester United and Blackburn both won their first recent titles after experiencing narrow failure the previous season. Newcastle led the table last season but were never in contention when it mattered.

Kevin Keegan's undoubted motivational powers, and Terry McDermott's ability to relax players, will now be tested.

Sport fears chaos as freeze bites

NICK DUXBURY
and DAVE HADFIELD

Sport was confronting the prospect of major disruption to the weekend programme today as the weather showed no sign of releasing its grip.

Football, rugby union and rugby league were all expecting to lose games to frozen pitches, with racing again wiped out today, with little hope of much action tomorrow.

In the Premiership, the matches at Aston Villa and West Ham United look vulnerable, but only three games in the entire Scottish League (Ran-gers v Hib, Dundee United v Airdrie and Queen's Park v Ross County) have any chance of surviving.

A delay in the resumption of rugby union's Courage League programme could provoke a club v country controversy. All tomorrow's five League One matches appear set to be postponed and club officials are perching in the blank date of 13 January to re-stage them.

However, that will cut across England's Five Nations' Championship plans, with the squad having warm-weather training abroad that weeked as part of their preparations to play France in Paris on 20 January.

Already Moseley's investment in a £1,000 pitch cover has failed to save their two most lucrative games of the season. They lost £6,000 when their Boxing Day derby with Coventry was called off and tomorrow's League Two game against leaders Northampton – expected to bring in £25,000 – has been called off.

Plans to salvage tomorrow's rugby league Regal Trophy semi-final between St Helens and Warrington by switching it to Wigan's heated pitch were scuppered when the local police declared they unable to supervise the match at short notice.

With Saints' Knowsley Road ground described as unplayable yesterday and no thaw in sight, efforts are now being laid to play the match next Thursday.

The broader weather picture is also causing concern in rugby league, with the New Year's Eve and New Year's Day programmes under threat and an overwhelming log-jam of fixtures building up.

The game's final winter season is due to end on 21 January, but Wigan still have four league matches, plus a semi-final and possibly the final of the Regal Trophy to play in a little over three weeks. Warrington, Halifax, Bradford and Oldham – the latter three arguably the coldest grounds in the league – have five league matches to play.

A blank week for British jumping enthusiasts looks the most likely bet after all today's race meetings were called off.

Tomorrow's meeting at Nottingham has already been abandoned and there will be inspections today at Catterick (8.30am), Newbury (9.30am) and Folkestone (noon). A total of 24 meetings have now been lost this week with only Wolverhampton's double-header on sand tomorrow breaking the gloom.

One sport which is certain to beat the freeze is the BUPA International Cross-Country event at Durham tomorrow. Heavy snow had put the meeting, which is part of the World Cross-Country Challenge circuit, in doubt, but an inspection yesterday gave the all-clear.

Plans to salvage tomorrow's Boxing Day fixture against Manchester City went ahead.

Prospects: Good.

Aston Villa v Sheffield Wednesday

Villa are still relying on sheeting to cover the pitch – and were caught out when the Boxing Day game against Liverpool was frozen off. Chairman Doug Ellis has promised to install an underfloor system in the summer of 1997, but until then they are at the mercy of the weather.

Plans to salvage tomorrow's Boxing Day fixture against Manchester City went ahead.

Prospects: Good.

Blackburn v Tottenham

Forest originally installed their system six years ago, but has since removed it. Jack Walker poured millions into the redevelopment of Ewood Park, Reaped the benefit when their Boxing Day evening fixture against Manchester City went ahead.

Prospects: Good.

Bolton v Coventry

Wanderers were one of the first clubs to install an underfloor system and were able to stage Wednesday's match against Leeds despite temperatures dipping to around minus five.

Prospects: Good.

Chelsea v Liverpool

Stanford Bridge managing director Col Hinshelwood is a great believer that underfloor heating, installed by Chelsea in the mid-1980s, should be mandatory.

Prospects: Good.

Southampton v Manchester City

Southampton are one of five Premiership clubs without heating. Instead they rely on covers. Traditionally milder temperatures on the south coast have helped the club build an impressive record of avoiding postponements.

Prospects: Reasonable.

West Ham v Newcastle

The Hammers lost their underfloor heating system last season and duly replaced it. However, Tuesday's match against Sheffield Wednesday is another one the East Midlands is one of the few areas of the country not yet hit by the cold snap.

Prospects: Good.

Slow going for Sayonara

Selling

The American maxi Sayonara, owned by computer billionaire Larry Ellison, was set to win the Sydney to Hobart race overnight, writes Stuart Alexander. However, light winds over the last 24 hours destroyed any hopes of the 75-footer, and place changes among the eight three-boat teams in the Southern Cross Cup.

■ The solo sailor Sam Brewster will start an attempt to sail round the world against the prevailing winds and currents on New Year's Day from Brazil, where she has been repairing the 67ft Heath Insured after damage curtailed her original attempt, which started from Britain last January. She will return to a line off Ushant, on the Brittany coast, and then sail back down the Atlantic to Brazil.

But Sayonara, which slowed from an average of over 12 knots in the first 24 hours to less than five in the last 12, was well clear of the leading Australian contender, George Snow's Brindabella, with Peter Walker's Swift Foxstar Amazon in third.

Non-League football

RUPERT METCALF

If ever a club needs a change of fortune in the new year, it is Poole Town of the Bazaar Homes League. Stranded at the bottom of the Southern Division, having lost all of their League games to date, Poole also face an uncertain long-term future as they lack a permanent home.

After Boxing Day's 4-2 home defeat by Weymouth, Poole's playing record in the Beamer is

plastered 19, lost 19, with a goal difference of minus 73. However,

they did have something to celebrate on Tuesday: They scored twice in a match for the first time this campaign.

Poole's dreadful financial

state has meant that they have been unable to pay players this season, which is the main reason

for their terrible results – they

have been unable to compete with rival clubs with a wage budget.

It has been a tough year for

Poole's manager, Keith Miller,

a former West Ham and

Bournemouth defender: I might

be forced to leave the club

in the next month or two,

Miller says. David Brightwell, Poole's

elder brother, is the club's

general manager. Brightwell

has been offered a job at

Weymouth, but has not yet

accepted it. Brightwell's

brother, Alan, is the club's

secretary. Alan Brightwell

is the club's chairman.

■ The club's financial prob-

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the fact that the club's

main sponsor, Bazaar

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